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THE AMERICAN ENTERPRISE

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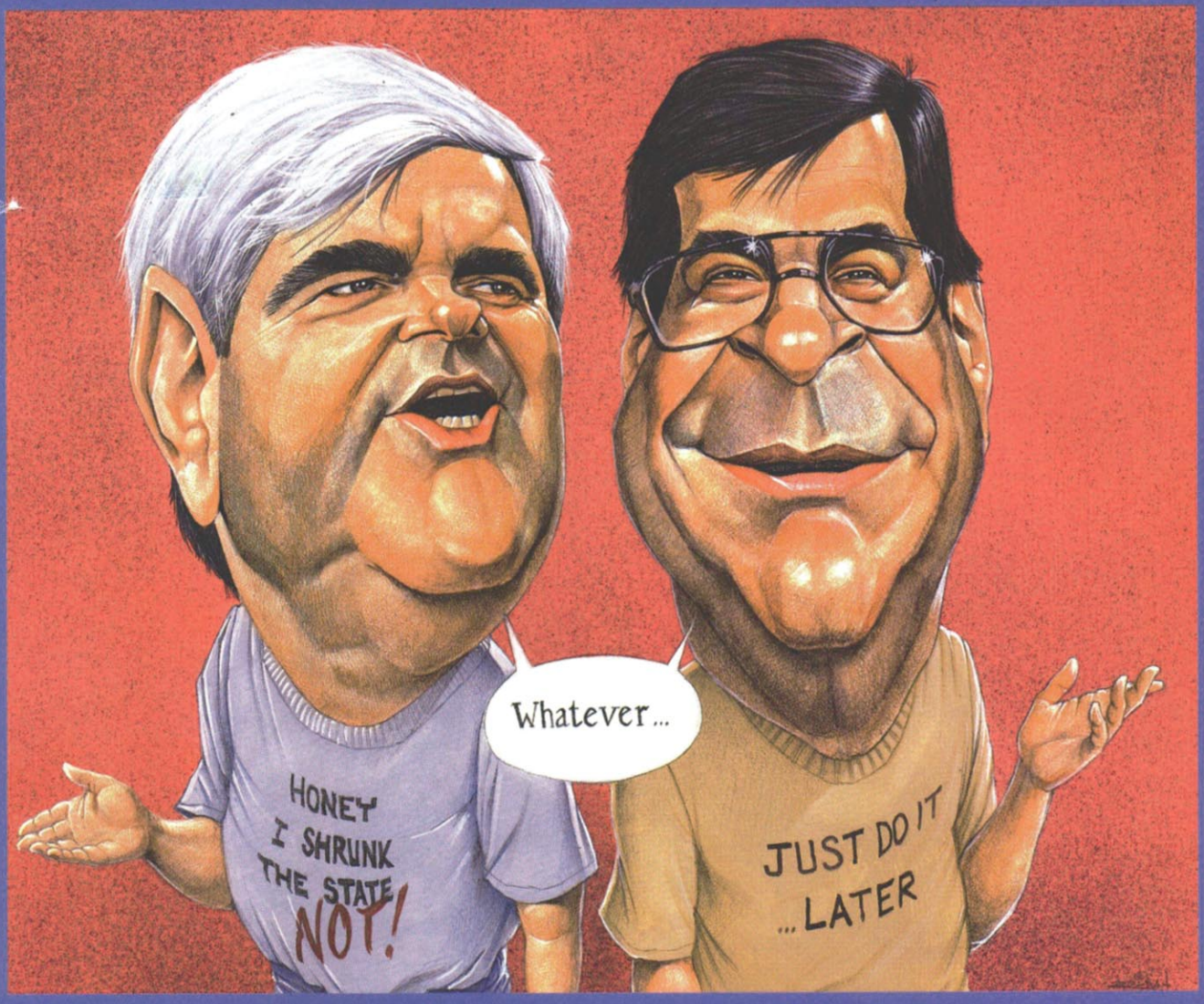

featuring: **Steve Forbes, James Buchanan, Larry Kudlow, Steve Moore, Dan Mitchell, Stephen Goldsmith, John Norquist, Bret Schundler, Michael Barone, John Fund, Jonathan Rauch, Chris Cox, and others**

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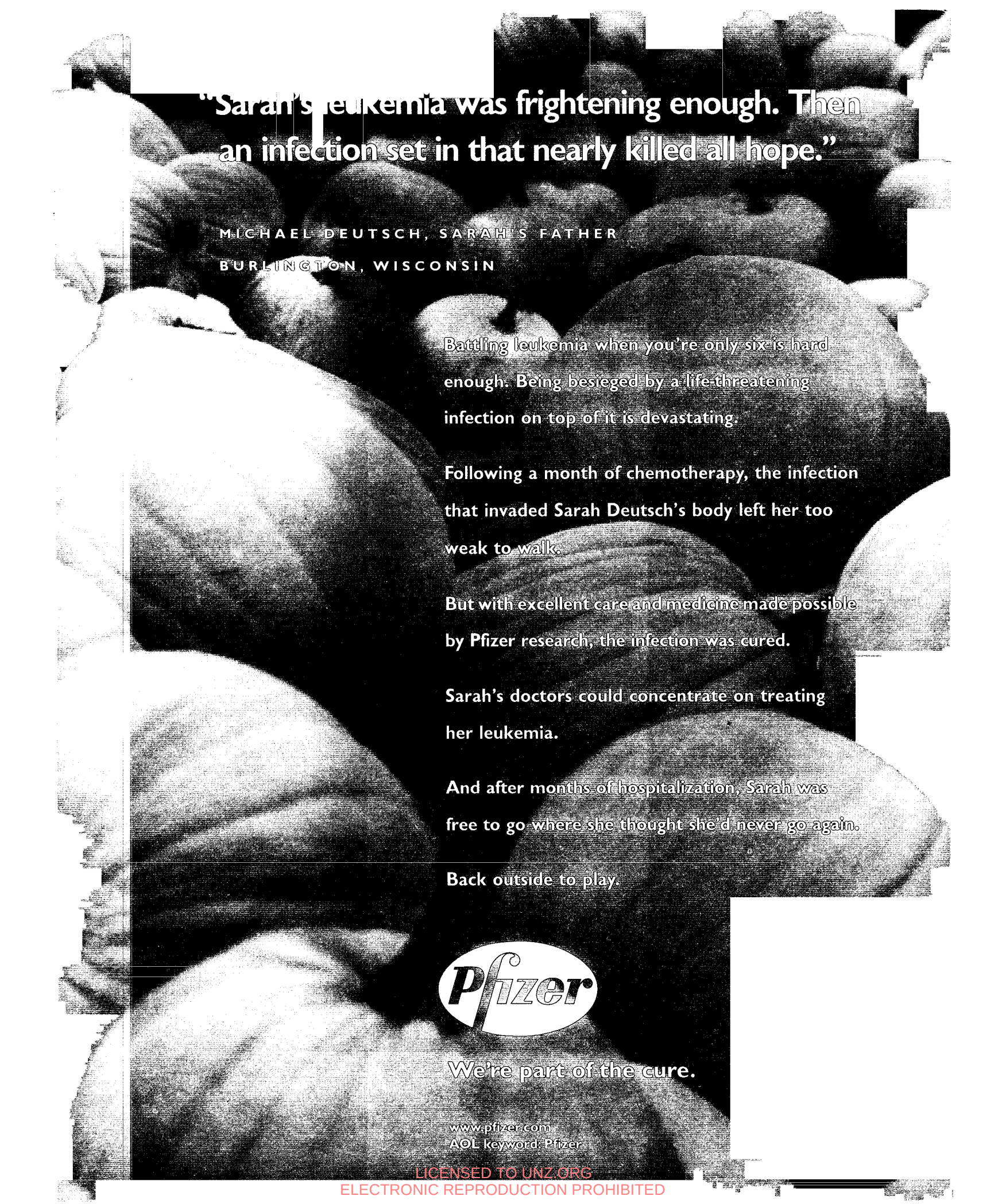

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November/December 1997 Vol. 8, No. 6

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Bird's Eye

KARL ZINSMEISTER

Shrink Government to Save Liberty, Not Money

Remember 1994? It seems like another world now. In that historic year, two out of three Americans agreed that "the biggest threat to the U.S. in the future is big government," and 79 percent said "a smaller government would be more effective than a larger government." In November, voters swept 73 new Republican congressmen into the House, and flipped both it and the Senate to GOP control. The next budget proposed to eliminate three cabinet departments and scores of agencies and programs. President Clinton intoned that "the era of big government is dead."

Well, something funny happened at the wake, because here's what's transpired on the Potomac in the latest four fiscal years:

1994 federal spending: $1.46 trillion
1998 federal spending: $1.69 trillion

Big government, in other words, is alive, well, and growing bigger (as Steve Moore's article on page 52 explains).

What did the recent 1997 budget deal add to this picture? I'm sorry you asked. Federal spending will go up twice as fast as inflation this year, and reach $1.9 trillion by 2002. The deal plants big sloppy kisses (in the form of spending hikes) on the Commerce Department, highway building programs (up 20 percent), the EPA, and many other departments. It sets up a brand-new entitlement for children's health care. It erases all of the savings achieved in last year's landmark welfare reform. And it tragically hobbles efforts to transform welfare recipients into workers by applying two dozen federal regulations (dictating everything from worker's comp to minimum wages to family leave) to all workfare projects.

Each of these things the Republicans in Congress have locked themselves into accepting without challenge. And the great irony is that all this was done just as deficits were about to disappear on their own (thanks to today's booming private economy). Government and private forecasts show that budget balance would actually have been achieved a little *faster* without the '97 pact.

In the process of wriggling away from public demands for less expensive and intrusive government, Washington's politicians have set new records for cynicism and hypocrisy. Take the example of Robert Torricelli. The slippery New Jersey Democrat was narrowly elected to the Senate in 1996 after loudly campaigning in favor of the balanced-budget amendment. Just four months later, in office, he cast the deciding vote that killed the measure.

On the other side of the aisle, former crusaders against government bloat like Newt Gingrich, Dick Armey, and Trent Lott have fallen strangely quiet. It is somewhere between amusing and nauseating to note that under Republican leadership the House of Representatives Public Works Committee (Pork Barrel Central for highway projects, dams, etc.) has ballooned to a record membership of 73 congressmen. Seventy-three! Ideal for clipped debate and crisp decision-making, I guess.

It's troubling to note that the fraction of the U.S. economy being mopped up by taxes has risen to a new high (see page 46) within just a blink of 1994's primal scream against over-government. Where is that trend going to take us over the next decade—particularly now that there are no more deficits to tie the hands of Washington's big

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spenders? (The roundtable discussion on page 56 goes into this topic in detail.)

And the failure of the '94 revolution to shrink government at all involves something more important than wasted money. The deeper threat is the frightening *reach* of today's state.

I was taken this summer by the case of a fellow New Yorker who actually had to go to court to preserve her right to put up a bird feeder in her own yard. Suzanne Levy of New Rochelle, a New York City suburb, had erected a feeder when the city government, acting on one neighbor's complaint that it was attracting pigeons, came after her. The government forced Levy into court, where it filed a 19-page argument insisting that a bird feeder is a structure and "therefore requires a building permit, an inspection, and a Certificate of Compliance." Only after a trial and public outcry did a city judge end the ordeal by ruling in Ms. Levy's favor. "The logical extension" of the building department's case, warned the judge's ruling, "would be that virtually every item placed in a yard—from a swing set to a statue—would also require a permit." Don't give them any ideas, I thought.

Obviously, the future of American civilization doesn't hang on our freedom to mount bird feeders. I cite this case simply because it illustrates how deeply into our everyday decision-making government now penetrates, on matters both small and large. We now have federal laws, for heaven's sake, that ban you from buying a toilet using more than 1.6 gallons per flush. One of the great accomplishments of our leaders in Washington last season was a diktat spelling out exactly how long a post-partum mother may stay in her hospital bed. See our articles by Richard Miniter (page 32) and Blake Hurst (page 36) for other real-life examples of how far government now intrudes into American lives and livelihoods.

Do you realize the journal that publishes federal regulations currently pumps out 70,000 pages of fresh edicts each year? There are 5 million words in the federal tax code at present, and you can go to jail for missing one of them. It's sobering to realize that 40 percent of our gross domestic product—40 cents out of every one of your dollars—now goes to government spending. You can add to that the hidden costs to individuals and firms of complying with government regulations—estimated to total between $300 and $900 billion a year.

Though overt socialism has been discredited, there is now a real threat that Washington and other seats of government will impose on the American people a kind of incremental socialism by a million little dictates.

Having learned the hard way that giving new power and money to the state can stir up public resistance, the social-engineering Left is now much craftier. Their new favorite strategy is to simply have government mandate various private behaviors. That dumps the costs of manipulating society directly onto individuals and companies, instead of a visible government budget.

This is a sneaky, insidious threat. Who is against well-rested young mothers? Who is against saving water? It's only when you add up the volumes of little rules and taxes and regulations (and note their often-perverse side effects) that you begin to see the cumulative result: A suffocation of true freedom. The result of today's hand-slapping and nose-leading by government is quite simply to turn free Americans into children.

SMILEY-FACED MICRO-SOCIALISM LAYS THICK, SOGGY BLANKETS OF MANDATES ON SECTOR AFTER SECTOR OF OUR PRIVATE ECONOMY AND CULTURE.

Perhaps the measure of government growth that worries me most is the calculation by Stanford and AEI economist Michael Boskin that fully 40 percent of all Americans today are net recipients of government aid. That is to say, they suck more dollars out of the dish than they put in. Many of these people have the same relationship to our lords in Washington and other seats of government that a household pet has to its keeper. Boskin calculates that this recipiency ratio will reach 50 percent over the next couple of decades. Then we'll literally have one half of our populace underwriting the other half. I'm not sure which group I'd consider more enslaved. Only the government bureaucrats in between, who get jobs and power out of the arrangement, are really better off.

So opposition to the over-growing of government isn't just some efficiency kick or selfish matter of wanting a tax cut. It is a *moral issue*, a determination to battle fundamental threats to our worthiness as a people. "Timid men prefer the calm of despotism to the boisterous sea of liberty," warned Thomas Jefferson. Today, a comparatively small band of scheming busybodies has grabbed hold of the levers of government and is using the state's coercive powers to "protect," manipulate, and re-order our citizenry. From many corners of our marbleized capitals a great body of officious clerks now cluck with authority over the men and women of this country, infantilizing them in the process.

We can't say we weren't warned about this. The great nineteenth-century chronicler of America Alexis de Tocqueville anticipated the possibility that government organized for the masses could evolve into a massive backscratching machine that lulls citizens into a kind of gilded oppression. He foresaw a time when multitudes would waste their energies in pursuit of "petty and banal pleasures" while living under "an immense, protective" government that

> provides for their security, foresees and supplies their necessities, facilitates their pleasures, manages their principal concerns, directs their industry, makes rules for their testaments, and divides their inheritances. Why should it not entirely relieve them from the trouble of thinking and all the cares of living?
>
> Thus it daily makes the exercise of free choice less useful and rarer, restricts the activity of free will within a narrower compass, and little by little robs each citizen of the proper use of his own faculties.... Having thus taken each citizen in turn in its powerful grasp and shaped him to its will, government then extends its embrace to include the whole of society. It covers the whole of social life with a

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> network of petty, complicated rules that are both minute and uniform, through which even men of the greatest originality and the most vigorous temperament cannot force their heads.... It does not break men's will, but softens, bends, and guides it; it seldom enjoins, but often inhibits, action; it does not destroy anything, but prevents much being born; it is not at all tyrannical, but it hinders, restrains, enervates, stifles, and stultifies so much that in the end each nation is no more than a flock of timid and hard-working animals with the government as its shepherd.

There is not yet any majority of Americans willing to docilely accept food and direction from government shepherds. But there *are* worrying numbers of retirees, lottery-players, welfare addicts, subsidized students, and check-cashing businessmen who are perfectly willing to nibble at the free alfalfa and live with a halter around their throat. "I have always thought that this brand of orderly, gentle, peaceful slavery...could be combined, more easily than is generally supposed, with some of the external forms of freedom," warns Tocqueville. And he is right. If reading his description of "soft despotism" doesn't give you goosebumps, you may want to get out and see the country more often.

The condition described by Tocqueville is the biggest dragon now stalking America. This beast threatens us quietly, but it has the potential to be every bit as dangerous as Soviet communism, an adventuring Japanese military, or economic chaos ever were in the past. And in many ways government serfdom is harder to guard against, because it is an enemy within, seductively offering to trade comfort and bounty for the subtler joys of personal independence.

I predict defenders of liberty and limited government are going to have a tough slog ahead. Bill Clinton's New Democrats (and also Tony Blair's New Labour in Britain) have finally realized the foolishness of pitting government against the market economy, as leftists did for generations. They've figured out that a much smarter political strategy is to yoke the business sector, and the overflowing power of private innovation and energy, into the service of their statist, managerial agendas.

For instance, having hit a brick wall with the Rube Goldberg statism of HilaryCare, the Clintonites quickly smartened up and shifted their efforts instead to bossing private insurers on exactly what treatments they had to provide: more psychological therapy, drug abuse treatment without limits, more mammograms, child immunizations on exactly the government's terms, and so forth. To a startling degree, government regulators now inform physicians whom they can treat, what they can prescribe, and how much they can charge. Having failed to win nationalized health insurance, the little dictators are nationalizing private health care by incremental mandate. Micro-socialism is what it often amounts to in practice.

Exactly the same tactics are being used in other fields. Recognizing that public housing projects could no longer be sold to a wised-up public, today's Left has shifted to the expensive and socially disruptive alternative of arming public housing residents with portable subsidies and dropping them into middle-class neighborhoods. Recognizing the appeal of the conservative emphasis on voluntarism and charitable work by private community groups, the Clintonites set up a government program called AmeriCorps that (with the sham appearance of being an independent institution) actually pays people government money to "volunteer."

Other wily liberals, trying to head off growing public interest in converting Social Security to a system of individual retirement accounts, now profess admiration for the concept but insist workers should still send their taxes to Washington and then *let the government invest them* in the stock market (which would be even more dangerous than our current bankrupt system). Likewise, liberals recently accepted the evidence that infants don't do well parked in full-time day care, then manipulated that, in a glitzy White House conference on the infant brain, to mean that government and corporations must pump lots more money and rules into hired childcare (rather than that parents should put more time into their own children!).

Just as the cause of "children" has provided cover for many sneaky expansions of government's reach over the last decade, the equally wholesome cause of "our environment" has been used to launch other crypto-statist efforts. These, again, are now often masked as pseudo-private-sector ventures. One example is today's electric cars—white elephants that the public thinks auto makers are building because their time has come, whereas the truth is companies are building them, and selling them at a loss, because they are being blackmailed by government with the threat of being prevented from selling profitable Blazers and Tauruses if they don't.

And so does smiley-faced micro-socialism grow on and on, shunning massive government programs that could alarm, and instead laying thick, soggy blankets of mandates on sector after sector of our private economy and culture.

This is a brilliantly calculating strategy. While they are torturing businesses and individuals with a thousand tiny cuts, today's neo-Left regularly justify themselves in the language of liberty and steal conservative arguments on everything from the importance of economic incentives to the value of school uniforms. By co-opting those ideas they borrow today's suspicion of government for crusades that *seem* to be delivering something fresh—while actually encouraging more reliance on government order-giving as the solution to society's problems.

So far, the conservative response to all this has been...well, stupid. The grand rebuttal from leaders like Bob Dole and today's congressional Republicans to the new fusing of statism onto capitalism has been something like 15 percent less spending and 15 percent more tax cuts. Even tax cutting—one of conservatism's aces—they have made sound like a bribe, a bone thrown to special interests, something shortsighted and venal. Amidst today's booming economy the public doesn't understand why tax cuts are even desirable.

How can conservatives get out of their trap and gather public support to resist the growth of big government? Three things are necessary:

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• They need to show some fight.

• They need to rely on moral arguments, not green-eyeshade niggardliness.

• They need to draw bright lines explaining why they are different from (not merely thriftier than) today's statists.

The first part is the fighting spirit. What can one say about the actions of conservatives in Congress since Bill Clinton's re-election? Your first temptation is just to feel sorry for them. But there is a dereliction of duty and failure of nerve beneath their sad thrashings about.

I once heard a humorous story about how, in the midst of the Alaska earthquake of 1964, a man grabbed his scientist neighbor by the lapels and shouted, "Joe, you're a geologist—for heaven's sake do something!" Many of the problems we address in this magazine—like family breakdown, too much TV watching, various business challenges, etc.—are far beyond the direct reach of Congress. Nobody can get mad at our representatives for failing to "fix" such things. But a runaway growth of government, increasing its total burden on our economy and society to record levels? That is something we can fairly expect our conservative legislators to do something about.

The instant rejoinder to this from some quarters will be: "But there isn't public support for trimming government." Rubbish. It's true there isn't public support for simply closing several cabinet departments tomorrow. And it's true that, as Shaw said, a government that robs Peter to pay Paul can depend on the support of Paul. But those are just knee-jerk reactions. The problem is mostly in the selling. Given some intelligent, principled explanations and a bit of time for it all to sink in, the public is as willing to see dead wood chainsawed out of government as they are to countenance serious reworkings of once-sacred entitlements like farm programs, AFDC, Medicare, and Social Security.

Is there any evidence that opposition to government growth is still a viable political platform? Indeed there is:

• A February 1997 poll by Hart and Teeter asked Americans whether government programs and policies do more to help families or hinder them in achieving the American dream. By 47 to 38 percent they said hinder.

• A July 1997 poll conducted for a Democratic group asked Americans whether the federal government "should play a bigger role in our lives, a smaller role, [or] the same role it has been playing." Fully 60 percent chose "smaller." Just 7 percent answered "bigger." (The rest said "the same.") "Reforming government" was one of relatively few categories where respondents said they trusted the Republicans in Congress more than President Clinton.

• The surveys Karlyn Bowman has collected on pages 91 and 92 of this magazine provide more evidence of this type. The clear verdict is that when it comes to attitudes toward government, we in 1997 live in a completely different era (much more hostile to state action) than Americans in the time of LBJ or FDR.

If all this is true, why have would-be trimmers in Washington been so dashed over the last couple years? Enter Zeke Bonura. Bonura was a first baseman who played for the Chicago White Sox and then that other D.C. institution, the Washington Senators, and each season he contrived to end up with the best fielding percentage in the majors. But he achieved this in a peculiar way: Recognizing that under baseball's rules you can't be charged with a fielding error unless you touch the ball, Bonura simply avoided any play that looked the least bit difficult. President Clinton and our congressional leaders aren't the first politicians to copy the Bonura method, but they have elevated it to a distressingly high art in the last couple years. (See Steve Forbes' article on page 42 about Washington's cowardly refusal to touch our entitlement crisis, something the public are much further along in understanding than most politicians give them credit for).

FULLY 40 PERCENT OF ALL AMERICANS TODAY ARE NET RECIPIENTS OF GOVERNMENT AID. THAT WILL SOON REACH 50 PERCENT.

National leaders should forget today's treacly conventional wisdom about how politics shouldn't be contentious. Crisp, bracing contention is *exactly* what politics should be about. It's time for opponents of government bloat to start fighting again, and may the best ideas win.

Solution two: Having screwed up the courage to fight, our congressional representatives must make sure they are fighting for the right things: bedrock American principles. Specifically, our leaders should make it their highest priority to defend liberty, build up the independence of sovereign individuals, and reduce government's dictatorial intrusions into American life. Just shrinking the annual budget totals in D.C. is too miniaturistic a goal to mobilize people behind. Cutting the capital gains tax to add another tweak to the national economy is a nice idea but not something many citizens will throw themselves in front of an Amtrak train to make happen. But limiting government in order to preserve historic American independence and freedom in the face of smothering collective forces that insist on protecting us from ourselves—that is a goal big enough, credible enough, and noble enough to stir up an infantry.

Which brings me to my third solution: Conservatives must set themselves clearly apart from the big-government busybodies. We can never out-promise that crowd, match their "compassion," or top their bribes. If we become simply more frugal, less popular, versions of Bill Clinton, we will be relegated to rare periods of office-holding—being called in to clean up recessions and fight wars, perhaps, then sent back to our dental offices. To avoid this, conservatives must draw bright lines separating themselves from "government reinventing" New Democrats. We must offer up an entirely different set of ideals for cherishing. I suggest the ideal of the brave, self-reliant, free American—an archetype with 400 years of historical texture behind it and a continuing powerful tug on our national character, as the polls above indicate.

continued on page 78

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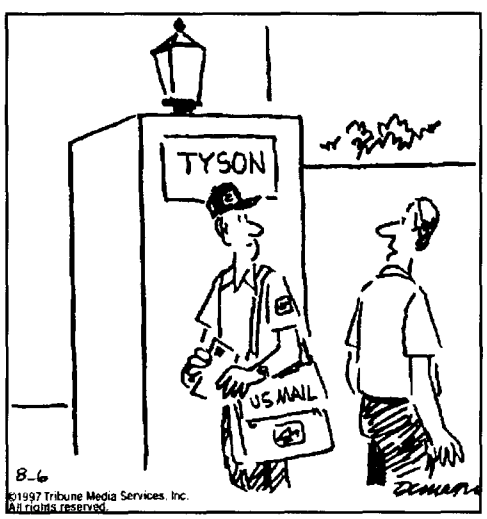
Sidelights

A federal law prohibits new toilets from flushing more than a stingy 1.6 gallons, but *Newsweek*'s **Eleanor Clift** opposes repealing this lavatory prohibition: "I don't think the people of one state should be allowed to flush three times at whim while the people of California have to conserve water." ❧ The federal government has confessed to mistakenly sending millions of dollars in food stamps to the homes of persons actually in jail. · · · Only 45 murderers were executed in 1996, down from 56 the year before (the U.S. suffers over 20,000 murders a year). · · · **Laurence Baker**, convicted murderer, died in prison when his illegal homemade TV earphones electrocuted him as he sat on his cell's steel toilet. ❧ "Revisionist nonsense," replies *Boston Globe* columnist **Jeff Jacoby** to the claim that **George Bush**'s tax hike brought today's balanced budget: "Raising taxes in 1990 not only didn't balance the budget, it triggered three years of record-high deficits. It slowed an already limping economy," sent the national debt "streaking upwards," and accelerated spending "by an average of $52 billion a year." ❧ A bookstore chain advertises a "**Danielle Steel** Reading Group"; no word yet on how many people will be teaching Ms. Steel to read. ❧ Over three-quarters of Americans told CNN pollsters that businesses, not politicians, deserve credit for the strong economy (only 14 percent of Democrats credited government). · · · Brookings Institution author **Daniel Klein** defends the embattled private van services that supplement New York buses: "Government has demonstrated that it has no more business producing transit than producing cornflakes." ❧ The *Washington Post* analyzed the favorite readings of models in *The Playmate Book: Five Decades of Centerfolds.* **Ayn Rand**'s novels came in second. ❧ The "civic journalism movement," where newspapers try to increase citizen interest in politics, appears bootless: After the New Jersey *Bergen Record* went all out on the state's '96 U.S. Senate race, polls showed its readers were neither better informed nor more interested than those of other papers.

The American Humane Association made sure no cockroaches were abused in the filming of the summer hit movie *Men in Black,* reports the *New Yorker.* ❧ As they struck UPS, the Teamsters struggled to sign a contract with their own headquarters' unionized office workers, who were angry at Teamster demands for "smaller pay raises" and time clocks, the *Wall Street Journal* reports. ❧ A rock concert by Aerosmith "Turns Sex and Death into Peppy Family Fun," declares a *New York Times* headline. · · · The ratio of persons to toilets in London during **Diana**'s funeral was 12,000-1, a mediahead breathlessly reported. Another spoke of the deceased as "the Mother **Teresa** of England," though no one has yet described Mother Teresa as "the Princess Diana of Calcutta." ❧ The Environmental Protection Agency loves to complain about businesses that pollute our waters, says **James Freeman** of PBS's "Technopolitics." Yet they ignore much worse government polluters: "The Buffalo Sewer Authority actually puts out more toxic substances than all of the corporations on their list of 200 combined!" · · · "Just as there is no way to reform state-established churches, state-backed slavery, or state-run farms, there is no way to 'reform' state-run schooling," insists **Marshall Fritz** of the Separation of School and State Alliance. ❧ *G.I. Jane* co-star **Anne Bancroft** admits, "I just don't think women belong in combat." · · · **Lori Raff** agrees. After serving ten years' active duty in the Navy and five years as a reservist, including brief deployment with a combat unit, she writes in the *Washington Post,* "The only way to be a good warrior is to become a man. And the only way to achieve that is in the movies. What **James Webb** said 18 years ago is still true: 'Women can't fight.'" · · · A recent attack on Webb in the Naval Institute's *Proceedings* brought a wave of letters 8-1 in his favor. ❧ From July '95 to June '97, pro-gun-control stories outnumbered anti-gun-control stories on the network evening news by 70 to six, according to the Media Research Center · · · The Capital Research Center reports that New Jersey Gov. **Christine Whitman** (R) and her state party chairman have enlisted in the left-wing Sierra Club; they urge state party leaders to join this "well-respected national organization" · · · "Trees and rocks," says Sierra Club chairman **Michael McCloskey**, "have rights to their own freedom, to go their own way untrammeled and unfettered by man." · · · Greenpeace has lost two-thirds of its U.S. members since 1991; it plans to cut its U.S. employees from 400 to 65, close its 10 regional offices, and cease door-to-door canvassing. ❧ Asked if he's a role model, actor **Johnny Depp** replied, "Not exactly. It's a strange idea that a person who tells lies for a living could be a role model. Then again, people seem to listen to our presidents." —*SW*



"Watch out...he bites."

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SCAN

MULTICULTURALISM'S NEXT DEFEAT

When voters in California despair of a response from their state officials, they turn to referenda. Their latest end-run around recalcitrant government is the "English for the Children" initiative, which would dismantle bilingual education in California. Launched by 35-year-old Silicon Valley entrepreneur Ron Unz and Santa Ana school teacher Gloria Matta Tuchman, "English for the Children" would replace the state's current practice of teaching non-English-speaking children in their native language with "sheltered English immersion" (that is, English designed for new learners). The measure would also provide $50 million a year for adult English classes, provided that those adults agree to use their new skills to teach English to children. Initiative supporters are now gathering signatures to qualify for the June 1998 ballot (about two-thirds of the 450,000 signatures required by November have been collected as I write).

It would be difficult to exaggerate the impact this initiative will have if it passes (and all polls show that it will if it gets on the ballot). In California there are 1.3 million school-age children (23 percent of the statewide total) whose native language is not English. When they show up in public schools in most districts in California, they are placed in a "bilingual" program and receive all their academic instruction in their native language. Thus, the typical classroom for Hispanic immigrant children offers Spanish language textbooks and Spanish oral instruction. English is administered in small doses, 30 to 90 minutes a day, during "English as a Second Language."

Children who exit these programs five to seven years later typically cannot read or write English. That's not surprising, since their English instruction only consists of informal English conversation. No phonics, grammar, or academic material in English is permitted, and there is no written work in English. The result: the State Board of Education reports that only five percent of Hispanic students successfully graduate into English-language instruction each year—a 95 percent failure rate. If "English for the Children" passes, these abysmal practices will be history. Native-language instruction will be replaced with immediate immersion in simple English.

Initiative sparkplug Ron Unz is a Silicon Valley entrepreneur and former candidate for governor (he lost to Pete Wilson in the 1994 Republican primary) who says he always found bilingual education questionable, but decided to act when he learned that *L.A. Times* polls show 80 percent opposition to bilingual education among Hispanic parents, while no statutes at either the state or federal level mandate today's ineffective "bilingual" instruction. When I asked Unz if he foresaw lengthy legal delays if the initiative passes (as happened to Propositions 187 and 209), he replied: "Given the strong support we've received from prominent Latinos, any liberal judge tempted to block this on the grounds that it violates the civil rights of immigrants would look very foolish."

I have myself become involved in the bilingual debate. As a teacher and teachers' union representative at a Los Angeles elementary school, I'm focusing on the role our United Teachers of Los Angeles (UTLA) union has played. In deference to bilingual teachers who make up to $4,000 more a year than teachers who speak only English, UTLA has not opposed the bilingual policy of the L.A. district, despite its poor results. In 1989, a referendum of UTLA members overwhelmingly opposed the bilingual program, but the results were never published in the union paper. Last June, another UTLA referendum calling for abolition of special pay and protections for the bilingual program lost, but carried a strong 43 percent of teacher votes.

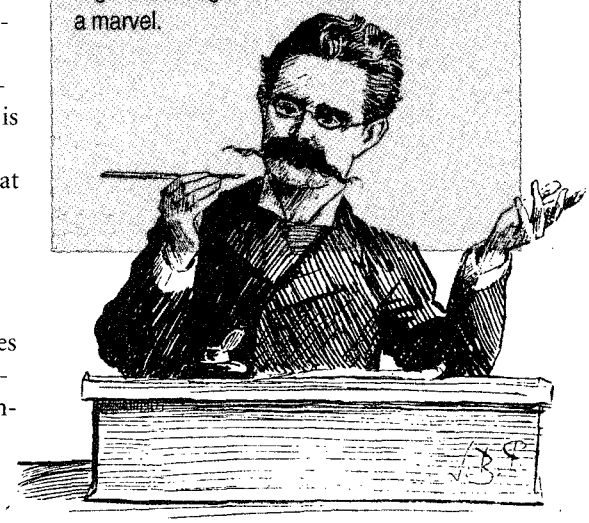
I've just finished collecting teacher signatures to qualify a new referendum which, if it passes, will put UTLA on record as supporting English language instruction for non-English speakers. The measure will also require the union to support the "English for the Children"

HE WROTE THE BOOK ON ABSENTATION OF ACTUALITY

Academic writing has probably never been good, but on today's politically correct, Marxified campuses it's definitely getting worse. Consider this bit of contemporary literary criticism from Paul Fry's *A Defense of Poetry*:

> *"It is the moment of nonconstruction, disclosing the absentation of actuality from the concept in part through its invitation to emphasize, in reading, the helplessness—rather than the will to power—of its fall into conceptuality."*

Higher learning is such a marvel.



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statewide initiative. My referendum will probably occur this fall. I'll keep readers of *The American Enterprise* posted.

—Douglas Lasken teaches at Ramona Elementary School in Los Angeles.

BREAKTHROUGH FOR EDUCATION AND LOCALISM

As this magazine went to press, a new opportunity in Washington had opened up for those who want to devolve government authority and resources to the most local level possible. Senator Slade Gorton (R-Wash.) managed to attach to a 1998 spending bill a measure that redirects as much as $13 billion away from the U.S. Department of Education, sending it instead as aid directly to local school districts. Such a move would immediately boost neighborhood schools and eliminate at a stroke a whole thicket of federal education programs that dangle aid only in return for compliance with burdensome regulations.

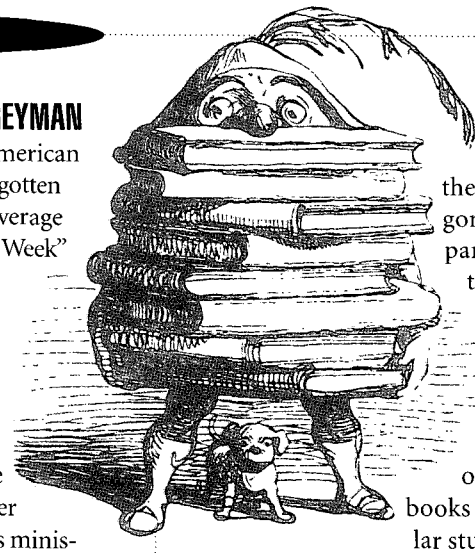
The measure passed the Senate and was in conference with the House as this is written. Naturally Bill Clinton condemned Gorton's amendment and may well veto any bill containing it. But a promising precedent has been set.

Together with Senator Paul Coverdell's popular new proposal for tax credits for family education expenses, the bold congressional fight to establish a school choice program in the District of Columbia, and regional successes like Minnesota Governor Arne Carlson's recent school choice triumph, there is suddenly much for opponents of lousy government-run schools to be encouraged about.

THE GOP CROUCH

Disgusted with Republican timidity, Kate O'Beirne of *National Review* recently cracked in a speech at the International Conservative Congress: "No wonder Republicans are the pro-life party—they spend so much time in the fetal position."

THE "BANNED BOOKS" BOGEYMAN



Over the last few years, the American Library Association (ALA) has gotten scads of sympathetic press coverage for its annual "Banned Books Week" at the end of September. Each fall, the ALA blows its P.R. trumpet and warns darkly that dangerous book-burners are closing in on the nation's free minds. Actually, as a new report from Focus on the Family documents, the number of controversies in question is miniscule, and the ALA's claims that these represent "book bans" are almost entirely phony.

The ALA's 1997 report cites 122 "book-banning" attempts nationwide, (25 of these are actually repeats from the 1996 report). Of these 122 incidents, only 17 took place in public library systems, and indeed all of them took place in just seven libraries. (There are 17,000 public libraries in the U.S.) At those seven libraries, moreover, only two actions were taken in response to the complaints of the would-be "book-banner." In Clifton, New Jersey, six sexually explicit books were moved to adult-only access. And in Columbus, Ohio, an audio tape titled *Beauty* that contained detailed pornographic descriptions of rape and sodomy was removed from a library after a mother whose 12-year-old daughter had checked it out (thinking it was *Sleeping Beauty*) pointed out that the library's own selection policy forbids pornography.

That's the sum total of the nation's public library "censorship" in 1997. So where did the remaining 105 incidents on the ALA list take place? "Not in public libraries; not in bookstores; not at publishing companies; not in front of the homes of authors.... *In schools.*" And what precisely happened in these school-based cases?

- In 60 percent of all cases, no action was taken against the books in question.
- In two percent, a book was placed on "restricted" access.
- In four percent, a book was temporarily removed while a complaint was investigated.
- In 34 percent, a book was pulled or deleted from a mandatory reading list.

Many of the cases in the last category involved parents or teachers questioning the age-appropriateness of particular books for particular students. For instance, teacher Gwen Meeks disagreed with the inclusion of the book *Coffee Will Make You Black* on the freshman required reading list of Chicago's Julian High School. The book revolves around a girl's sexual awakening, which it treats with the crudest obscenities and graphic depictions of sex acts.

In another case that made the ALA report, Florida mother Lisa Clinton filled out a request asking that the school reconsider having her eight-year-old daughter's class listen to the teacher reading one of the *Goosebumps* horror stories aloud in class. For this, Mrs. Clinton was labeled a "censor."

None of this sounds like an epidemic of closed-mindedness to us. Sounds like the process of judgment being exercised by parents and school officials. Sounds like it's time for the ALA to get off its high horse.

SMALL GOVERNMENT REALLY IS BEAUTIFUL

Amidst arguments over whether more limited government is better government, keep in mind that in most states, the legislators who run the government are still everyday citizens who legislate only part-time—and that these more lightly governed states tend to be the most efficient and livable in the union. Only a minority of states like New York, Massachusetts, and California have full-time, fully staffed state legislatures. And for this, they have almost nothing positive to show.

New York's full-time legislature, for instance, the most expensive and heavily staffed in the nation, is a pathetic laughingstock. The legislature meets year-

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round, and state taxpayers cough up almost $1 million in salaries, staff, and office costs per legislator. For this they get gridlock. The state has not had a budget completed on time for the start of the relevant fiscal year in the last 13 years. This season's budget finally passed when the time period it was intended to cover was already more than a third over. Worse, all state budget decisions (and most others as well) are literally made in secret closed-door meetings involving only three politicians: the majority leaders of the Assembly and Senate and the governor. Everyday legislators and even committee chairmen have no say in the process. Meanwhile, New York is heavily in debt, has one of the lowest credit ratings in the nation, is the most heavily taxed state in the nation, has a rotten business climate, and has been losing population for three decades. Other big, activist state governments like those in California and Massachusetts are similarly dysfunctional and counterproductive.

Less active and powerful state governments have actually been much more effective than their strong-government counterparts. In a recent exchange in the *Wall Street Journal*, Wyoming state senator Charles Scott explains that his legislature convenes in January and ends its session in early March; then he notes that "we have no state income tax and no general obligation state debt. In Wyoming's state financial statements, interest is an income item rather than an expense item."

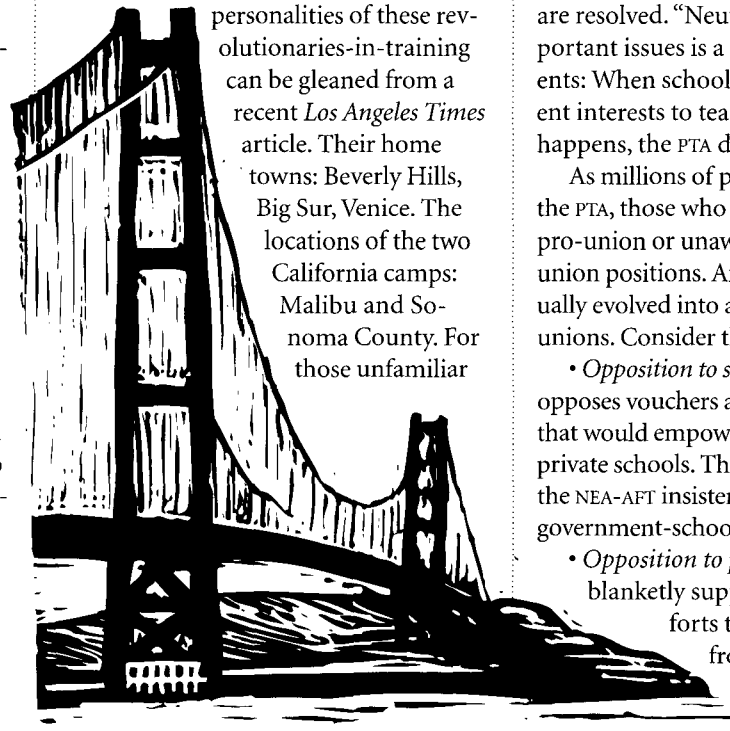
James Risch, Senate Majority Leader in Idaho, another state with part-time government, asserts that there are three good reasons why they are more effective. One is cost. It is simply far less expensive to run a legislature 40 to 90 days a year. Another is streamlining: "The part-time system operates much more efficiently, since participants in the process (including, of course, lobbyists) have only a limited time to propose and push legislation, so only the most important matters are addressed. With unlimited time, legislatures tend to address unlimited issues and every aspect of our lives."

A third advantage to small-scale, citizen governance is that "legislation and budgets are enacted by ordinary people from all walks of life, not professional politicians. Most of the time such laws and budgets contain the common sense that comes from common life experiences, and they are passed with the certainty that we will soon be back home full-time, living, working, and paying taxes in the real world under the laws we passed. I believe this country would be far better off if the U.S. Congress operated in the same fashion."

BOLD YUPPIES FOR "DIRECT ACTION"

Remember when actor Woody Harrelson and a few others closed down the Golden Gate bridge for several hours some months ago, stranding thousands of commuters in a protest against logging? This was not some spontaneous lark, but a political action for which Harrelson and comrades were specially trained.

A Southern California group calling itself the Ruckus Society now holds "Action Camps" to teach environmental activists how to board ships, take over public sites, block loggers and builders, occupy private properties, and otherwise take "direct action" against their targets. Participants in the four-day training sessions also get extensive coaching in "befriending the media." At least 600 people have attended such camps since 1995.



Interesting hints as to the personalities of these revolutionaries-in-training can be gleaned from a recent *Los Angeles Times* article. Their home towns: Beverly Hills, Big Sur, Venice. The locations of the two California camps: Malibu and Sonoma County. For those unfamiliar with left-coast real estate, these are all Golden Ghettoes for the rich and fashionable. Radical chic lives.

THE PTA GOES KAPUT

This year, the National Congress of Parents and Teachers, commonly known as the PTA, is celebrating its centennial. But the national PTA has little to cheer about. Fewer than a quarter of America's public schools have active PTA chapters, and officially, PTA membership has fallen from a peak of 12 million in 1966 to 6.5 million today.

PTA leaders offer many reasons why their rolls are declining. But they have done little to address the PTA's gravest problem—its subservience to the National Education Association (NEA) and the American Federation of Teachers (AFT).

Throughout its history, the PTA has supported higher salaries and better working conditions for teachers. But in 1968, the teacher members of the PTA threatened to withdraw membership and boycott the PTA if the PTAs supported school boards in teacher strikes. Thereupon, the PTA rolled over and adopted a position of "neutrality" on teacher strikes as well as the issues negotiated in union contracts, such as class size, the annual number of parent-teacher conferences, and how parental grievances are resolved. "Neutrality" on these important issues is a big setback for parents: When school boards sacrifice parent interests to teacher interests, as often happens, the PTA does not object.

As millions of parents dropped out of the PTA, those who remained tended to be pro-union or unaware of the PTA's pro-union positions. And so the PTA has gradually evolved into a front for the teachers' unions. Consider these recent issues:

• *Opposition to school choice.* The PTA opposes vouchers and tuition tax credits that would empower parents to choose private schools. The PTA has capitulated to the NEA-AFT insistence on maintaining the government-school monopoly at all costs.

• *Opposition to privatization.* The PTA blanketly supports NEA and AFT efforts to block school boards from contracting out school services such

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Bumper sticker spotted recently in America's heartland:

BILL CLINTON: 99% FACT FREE!

as food service, janitors, or school bus drivers, even if private contractors could provide better quality at lower cost.

• *Focus on non-educational issues.* Most PTA programs now aim simply to convince parents that government schools are doing a good job, instead of showing where schools can be improved. Parents' reform energy is channeled into comparatively trivial PTA support services like trip-chaperoning, bake sales, and other fund-raising activities.

Given the way PTAs are governed, it is virtually impossible for parents to dissent from the views of the teachers' unions. A parent who attempts an open discussion of school choice or teacher tenure at a PTA meeting could cost her child a varsity position or a lead in the school play.

As a result, more and more parents are dropping out of the PTA. In 1996, for instance, 26,000 members of the Indiana Congress of Parents and Teachers simply did not renew their membership. Dozens of local school chapters have cut their ties with the national PTA. In the more than 500 independent charter schools that have been started in the last three years, I know of none affiliated with the PTA hierarchy.

Many parents are instead joining independent parent-teacher organizations (PTOs). In the large Cherry Creek School District in suburban Denver, PTOs have existed since the 1960s, when the district voted to keep the "liberal political agenda" of the PTA out of the district. PTOs also appeal to independent parents who create charter schools. Recently, parents at Warwick Point Academy, a charter school in Linden, Michigan, opted to become a PTO because PTA leaders "think free enterprise is the worst thing you can do to education."

The PTA criticizes PTOs on the grounds that they don't fund national lobbying efforts. But members of PTOs have found they can work through the local education maze more easily without the national policy prohibitions and teachers' union allegiances of the PTA. Parents who want to do more than just talk about parental control, who want to do more than attend monthly fund-raising meetings, and who want to direct their energies toward improving their children's schools are forming effective alternative groups.

*—**Charlene Haar** is president of the Education Policy Institute. Her book on the PTA will be published next year.*

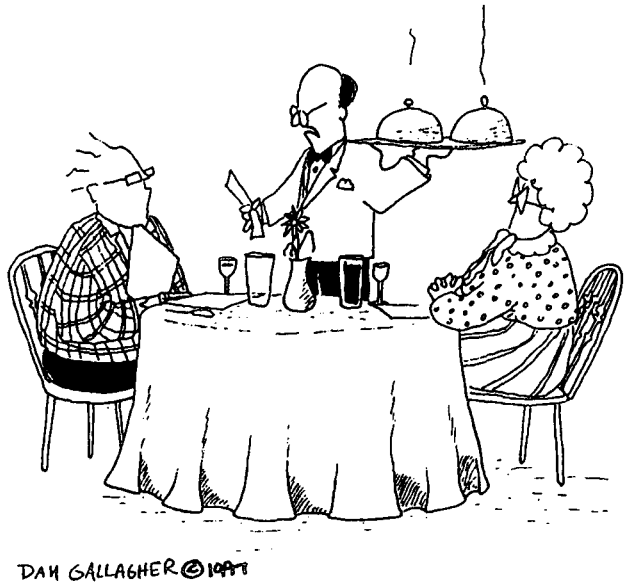
POP GOES THE ICON

The last decade has not been kind to the founding proponents of sexual liberation. First, much of the famous Samoan research of Margaret Mead—which purported to show that casual, early, and promiscuous sexual activity did no damage to human relations—was shown to be fraudulent. More recently, investigators began to note troubling aspects of the famous postwar studies of Alfred Kinsey, who legitimized academic sex studies at what became the Institute for Sex Research at Indiana University.

For some years, researchers like Dr. Judith Reisman have been questioning the reliability and truthfulness of much of the data in Kinsey's landmark 1948 book *Sexual Behavior in the Human Male,* which fostered the ideas that adultery and homosexual experimentation are common experiences, that many forms of criminal sexual behavior are widespread and shouldn't necessarily be discouraged, and so forth. More recently, critics have noted that many of the observations about child sexuality in Kinsey's reports could not have been gathered without collaborating in pedophilia. And Kinsey's insistence that ten percent of American men are practicing homosexuals has been found by recent research to be about four times too high.

How did Kinsey miss the truth on these topics and lead the whole nation so far astray? Until recently, the commonest answer was that he inadvertently erred by oversampling deviant populations like prison inmates when he collected his trademark "sexual histories."

Now, James H. Jones, a former member of the scientific board of advisers of Kinsey's institute, reports that Kinsey's "errors" were not so innocent. While he cultivated the public image of a bookish scientist, happily married and father of three children, Kinsey "was, in reality, a covert crusader," determined "to free American society from what he saw as the crippling legacy of Victorian repression." More specifically, after exhaustive research and interviewing for a biogra-



"Your managed care organization required me to substitute the fish for the prime rib because it's less expensive and healthier for you..."

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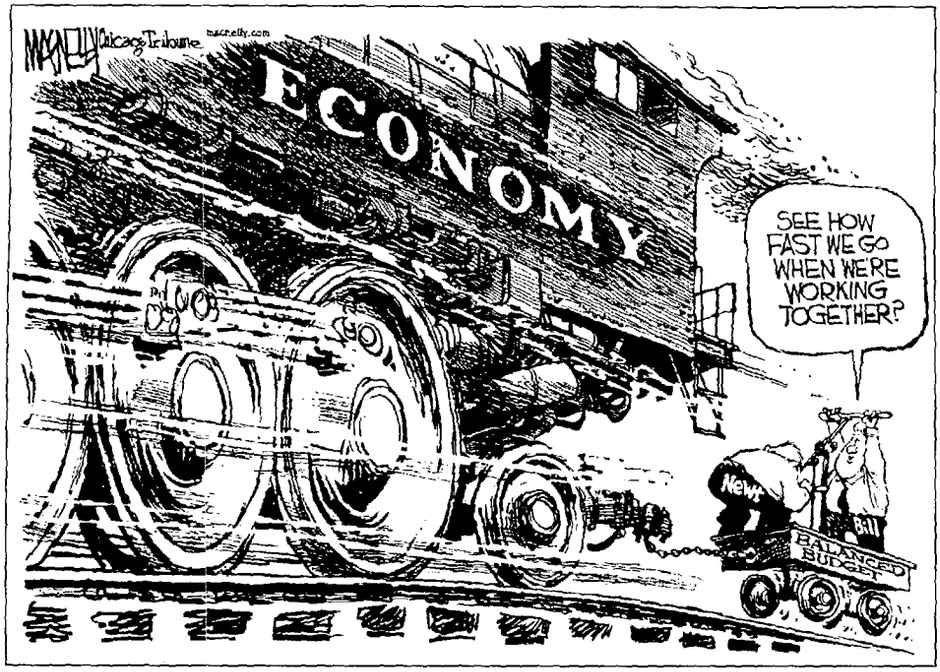

phy of the man, Jones reports that Kinsey "was both a homosexual and, from childhood on, a masochist who, as he grew older, pursued an interest in extreme sexuality with increasing compulsiveness." Kinsey "placed a thumb on the scale" whenever he weighed scientific evidence. "His methodology and sampling technique virtually guaranteed that he would find what he was looking for."

He was also something of a swine. He regularly had sex with his study subjects, most of it homosexual. He was highly controlling toward his staffers and research associates, and subjected them to what several referred to as "sickening pressure" to have sex with him, his wife, or others, at risk of stalling their careers. He filmed many of these sessions—not in a lab but in the attic of his house. The institute's photographer, William Dellenback, states that Kinsey grew overtly exhibitionistic, and repeatedly had himself filmed while engaged in masochistic masturbation. Many times he had his wife filmed masturbating and having sex with other people. He brought in sexual sadists from Chicago and filmed them practicing their trade upon each other. He also traveled to other cities to have relations with many such men in their own homes and clubs. Kinsey informed associates he believed sexual molestation of children was usually harmless.

In other words, Alfred Kinsey was, to use an unfashionable word, demented. Who but a demented man would climb a chair in his office, throw a rope over a ceiling pipe, tie a knot around his scrotum, then jump? (Jones reports in a September article in *The New Yorker*.) That Kinsey is still counted as a great scientist and liberator in the "progressive" pantheon verges on the incredible. As his still-highly-secret archive slowly opens up, let us hope the fraudulent nature of his work—and the disastrous imprudence of building social movements on his ideas—will be more widely appreciated.

ENDGAME OF SEXUAL LIBERALISM

Speaking of swinish avatars of the sexual revolution, a U.S. District Court Judge ruled in August that Bob Guccione, Jr., son of the founder of *Penthouse*, owed a total of $850,000 in damages, back pay, and legal fees to a former editor. After hearing from two dozen witnesses, the judge found that "job benefits were conditioned on submission to sexual advances" at *Spin*, a popular magazine formerly published by Guccione, Jr., and that he "consistently made sexual advances to young women at *Spin* without any regard to whether they considered his advances unwelcome." The judge noted that Guccione "even propositioned the daughter of his business partner, who was working at the magazine and who found the situation deeply disturbing."

So it turns out sexual liberals are not so enlightened after all. What a surprise.

STOP, LOOK, AND LAMENT

Just when New York City has succeeded at ridding its subway cars of graffiti, vandals have started going for greater mileage—by putting their markings on railroad freight cars that travel throughout the nation. "Freights offer the same thrill for the writers, without the worry of the New York City transit security," writes graffiti expert Jay Beswick in a National League of Cities publication, "Graffiti Abatement: Programs That Work."

To defacers, writes Beswick, freight cars are "mobile billboards with exposures far greater than what inner-city transit lines had previously offered." He notes that "Graffiti art publications," of which there are over 100 in print, regularly disseminate maps of freight lines and offer tips on where to find lay-up yards. Some publications, he says, have even warned graffiti perpetrators not to paint over a freight car's identification number, since that increases the likelihood of the car's being cleaned.

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Under the defiant title of Art Crimes, a network containing more than 3,000 photos of graffiti art has been created on the Internet. It provides 200 links to other pro-graffiti web locations, through which a vandal (aka "artist") can buy spray paint, paint sticks, refillable markers, adhesive labels, and other tools of the up-to-date environmental scourge. There has even been a surge in etching of glass by vandals, according to Beswick, since rocks, drill bits, sandpaper, and other tools used by this branch of the graffiti industry are easy to obtain. The glass industry estimated that vandalizing of glass totaled $600 million in 1993.

UNION HACKS SCRATCHING BACKS

The AFL-CIO used to put collective bargaining first and political hackery second. That has changed since John Sweeney took over as president in 1995. In the most cynical and sordid ways, today's union bosses have converted their organizations into electoral machines at the disposal of the left wing of the Democratic party.

The most recent report is that President Clinton's chief fund-raiser and a Democratic political consultant who recently pleaded guilty to fraud brokered a lucrative deal that will bring the AFL-CIO $375 million in kickbacks over the next five years for floating an "affinity" credit card and handing over management of the group's program for selling union members insurance, phone service, and so forth. According to federal prosecutors, the same two men who cemented this deal were also, simultaneously, arranging for the Teamsters Union to make hundreds of thousands of dollars of contributions to the Democratic National Committee and the Clinton-Gore '96 campaign—in return for secret DNC help in funneling reciprocal donations back to Teamsters president Ron Carey.

These actions (guilty pleas have already been entered in federal court in the second case) are criminal acts under existing campaign financing laws. They are also abuses of blue-collar union members, who provide the funds being raided. And these subterfuges follow on the broad-daylight heist of union-member funds for political purposes in the form of the 1996 "special assessment" on AFL-CIO members used for Sweeney's election-swinging effort. Those involuntarily raised moneys were funneled to the Clinton campaign and select congressional races in an attempt to defeat conservative candidates. Professor Leo Troy of Rutgers University estimates that more than $300 million in union-member resources were channeled into the 1996 political campaign by labor leaders.

Do any of those nice UPS men in brown shorts (who just valiantly fought off their employer's mean-spirited attempt to give them a better-paying pension plan than the current one run by the Teamsters) realize that any of this is going on? After all, it's their money. And our country.

TERMINATING THE TAX CODE

Another bold and original legislative gambit just emerging on Capitol Hill is the effort by Representatives Steve Largent (R-Okla.) and Bill Paxon (R-N.Y.), in separate and slightly different bills, to have Congress *eliminate* today's federal tax code at the turn of the millennium. Neither bill specifies what should replace today's tax system, but both set a specific date (December 31, 2000, in Paxon's bill; December 31, 2001, in Largent's) when the current code would be repealed.

Such a move would head off efforts to merely tinker with our monstrously complex, unfair, and inefficient present laws and instead force Congress to consider how a fresh and altogether better replacement (like, say, a simple flat tax) might be constructed. The genius of this legislation is that it could pass quickly without prejudging what ought to be done next, and yet would immediately concentrate the mind of Congress in such a way as to assure that the tax reform vital to American success in the twenty-first century not be irresponsibly put off by our Washington representatives.

OUR TAXING MEDIA

As the tax debate raged on Capitol Hill this summer, the invaluable Media Research Center toted up the score for one month of evening news shows on ABC, CBS, CNN, and NBC:

22	**Total number of tax stories**
13	Stories mentioning Democrats' claim that GOP plan favors the wealthy
1	Story mentioning GOP counter-claim that their plan favors the middle class
0	Stories mentioning that both parties' plans increase the tax code's complexity
0	Stories mentioning that education tax credits will encourage tuition price increases
47	**Total soundbites**
41	Politicians
4	People on the street
1	Business representative
1	Economist

SANDBLASTING RELIGION FROM PUBLIC LIFE

Amidst the hubbub in Washington today over rising religious persecution in foreign countries, the more immediate fact is that the boundaries of religious freedom in the United States have become startlingly unclear today.

In late September, the case of the Rev. Pierre Bynum was heard by U.S. District Judge Paul Friedman. Bynum was leading about a dozen Maryland churchgoers on a tour of the U.S. Capitol in 1996, stopping to discuss the religious significance of certain paintings, statues, and plaques. The group would pause for one or two minutes at each stop to bow their heads, close their eyes, and pray silently for the country's future.

At their second stop, a Capitol police officer told them they would be arrested if they continued to pray in the building. Bynum says he was "stunned" to be told his group couldn't quietly express their faith in the Capitol building. He contacted the American Center for Law and Justice (ACLJ), and when the Capitol Police insisted on sticking with their policy, the ACLJ filed suit in

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UNLIKELY REVOLUTIONARY

Senator Paul Wellstone (D-Minn.) may just be the most liberal member of the U.S. Senate; so it's fascinating to see that even he has begun to sing the devolution tune. As he makes his "poverty tour" of the nation, reports the *St. Paul Pioneer Press,* "he is starting to believe that problems are best solved by people working in their own communities, not by programs directed by Washington."

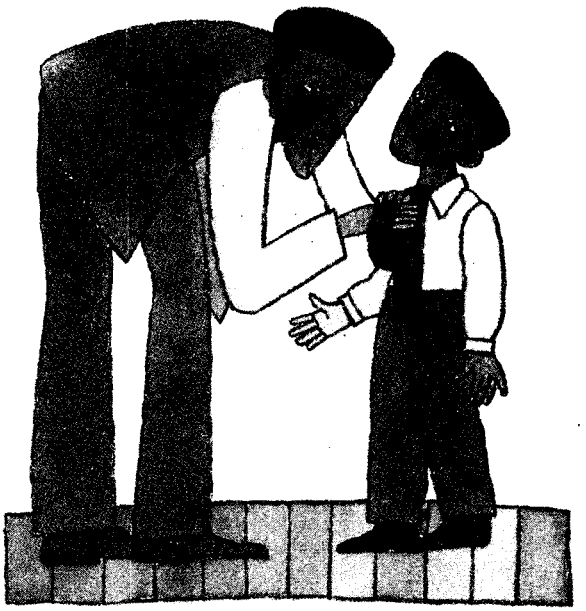
"It's got to happen internally," he says, "within the neighborhoods and within the communities." Though he still sees a role for federal aid, "I'm attracted to the notion" that community-based programs are "where it could all happen."

federal court. A ruling is expected in late October.

Also in October, the Alabama Supreme Court will hear the case of Judge Roy Moore, who has been sued by the American Civil Liberties Union in an attempt to force him to remove a copy of the Ten Commandments from the wall of his courtroom. The attempted removal has inspired public expressions of support for Moore from Alabama's governor, the U.S. House of Representatives (which passed a sense of the Congress resolution urging that public display of the Ten Commandments be allowed in government buildings), and from thousands of citizens. But the costly legal challenge is likely to proceed all the way to the U.S. Supreme Court.

And it isn't only from Judge Moore's courtroom that the ACLU and other opponents of all religious expression want to expunge public references to faith. Earlier this year the ACLU sued Haywood County, North Carolina, for instance, seeking to have an engraving of the Ten Commandments removed from a courthouse wall there. The engraving in question has been in place since the building was erected in 1932. The ACLU plaintiff wants the county to sandblast it off.

MALE MODELS



Washington, D.C., has just been visited by a huge gathering of men meeting under the banner of the Promise Keepers movement to seek moral improvement in themselves and their nation. In the months leading up to this event, the National Organization for Women (NOW) and a few other feminist critics began denouncing Promise Keepers as a "militaristic, anti-woman organization" that poses "the greatest danger to women's rights." NOW warned that they would take "whatever steps are necessary" to "defeat" P.K. across the nation.

It's true Promise Keepers is an all-male movement. But it is possible for a woman to take in one of their massive sports-stadium meetings. I know because I attended one at the Minneapolis Metrodome not long ago, along with 50,000 men.

Heading for the press box, I joined a milling crowd of men—old and young, fathers and sons, black and white. Outside, I noticed a smiling woman, children in tow, standing in the rain and holding aloft a sign: "Thank God for P.K." Inside, I scanned the program, noticing the characteristics of a "godly man: purity, devotion, reconciliation, repentance, humility, servanthood, and perseverance." And then, all around me, the Metrodome exploded with the words of a hymn: "All I once thought gain, I have counted loss, compared to this—knowing you, Jesus."

To my surprise I found myself repeatedly and profoundly moved as the evening wore on. The climax—following two powerful speeches on self-sacrificing love—was an awesome sight. Tens of thousands of men knelt in ardent prayer, some weeping, arms around each others' shoulders, praying fervently for sexual purity and single-minded devotion to their wives and children.

"We may wear size XXXL, but we're still little boys," cried Bishop T.G. Benjamin of Indianapolis's Light of the World Church. "Throw away those magazines, those videos, those phone numbers. Be responsible, be accountable. Loose the

JUDICIAL RESTRAINTS

A state law has recently taken effect in New Hampshire making it illegal to drive a pickup truck with an "unrestrained" dog in the back. They could fall out and get hurt, explains Roberta Troughton of the Humane Society. State senator Sheila Roberge, the law's author, was inspired by her daughter, who once saw a dog dive from the back of a pickup.

We had already heard that the state of New Hampshire is trending Democratic.

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chains of sin and selfishness, and become truly free!"

It was a memorable evening, unlike any I'd ever witnessed. The only part that wasn't so great was the walk to my car in the dark when it was over. Whom did I fear? Young men who've never heard the things I'd just heard, men who'd joined a gang to find comrades, men whose selfish and often violent behavior renders them a curse, rather than a blessing, to the women and children in their lives.

How strange, I reflected, that NOW has painted Promise Keepers as an enemy of women. Certainly, the organization isn't for everyone. But in a society whose most fundamental problem may be men's abandonment of their responsibilities, isn't it a positive development? Why has NOW fingered Promise Keepers as Public Enemy No. 1?

The answer, I think, is that NOW and Promise Keepers have radically different views of human relationships. Take NOW's primary gripe that Promise Keepers advocates men becoming "spiritual leaders" in their families. NOW interprets this as a raw power grab. The "real" ambition here, NOW insists, is nothing less than "overturning" the gains that women have made in the last century. Beth Anderson, Minnesota NOW president, says Promise Keepers seeks to consign women to a "subordinate position," and in the process "sets the stage" for domestic abuse.

Why do NOW leaders jump to such outlandish conclusions? Because, as readers of Steinem, Friedan, Millett, and Co. know, post-'60s feminism treats relations between men and women as a zero-sum game: If one has more, the other has less.

Promise Keepers couldn't see things more differently—as a multitude of P.K. wives will attest. In the context of faith, to lead is to be first in service: to follow the example of Christ, who washed his disciples' feet. Chuck Knapp of Minneapolis Promise Keepers explains: "We are calling men to become servants of their wives, to live up to the commitments they made to them." A man I met at the Metrodome concurred. "I used to be distant and disengaged from my family," he said. "Now I try to set the example of serving, and my goal is to earn the respect of my wife and children so they'll believe me."

Promise Keepers also challenge feminist orthodoxy on the idea that mothers and fathers are somehow interchangeable. They maintain that men and women need and complement each other, and that children need both. Men, via their maleness, have something vital to contribute to the family. As one speaker I heard put it, "My grandmother, who raised me, deserves a medal of honor. But she couldn't teach me about sexual purity, because it takes a godly man to raise a godly son."

Surely NOW agrees that too many men are abandoning their families or exploiting women as sex objects. NOW may object to the P.K. program for reform, but can it offer an alternative vision capable of inspiring men to change their ways? Hardly.

Where, then, are men to turn for guidance as they struggle to overcome the selfish habits of a lifetime? Our popular culture is a continual celebration of self-gratification. Nor are employers likely to urge men to devote more time to their families. What's needed is a life-transforming change of heart. Promise Keepers understands this. NOW, on the other hand, doesn't have a clue.

*—**Katherine Kersten** is chairman of the Center of the American Experiment in Minneapolis and a commentator for National Public Radio's "All Things Considered."*

LIFE-CHANGER

Promise Keepers held its first stadium event, where men worship, pray, and learn, in 1991. Since then, more than 2 million men have attended such gatherings. Following are testimonies from men who attended a June 1997 rally at RFK Stadium in Washington. They were originally published at greater length in the Washington Post.

TODD RICH, *Charlottesville, Va.:* I was totally unprepared for the experience. I felt as if I was a spiritual infant among tens of thousands of "real" believers. The sight of 50,000 men singing and confessing their sins in the presence of so many others was overwhelming.

My life has been laden with sins of all sorts and sizes, and I thought that I was far past the point of being accepted into the body of Christ. But as the rain began to fall on us that Saturday, and as we sang "A Mighty Fortress," I felt the power of the spirit working in me, and the redeeming love of the Lord with each raindrop that washed over me. With tears streaming down my face I thanked Jesus. I am anxiously awaiting October 4, so that I can once again lift my voice with tens of thousands (or hundreds of thousands) of believers.

CARVIN WILSON, *Gaithersburg, Md.:* June 15, 1997, was a turning point in my life, as we stood together in the pouring rain. I lifted my head in awe at the unity that filled RFK Stadium. Never have I seen men so close, united, sharing one common bond. It is such a simple concept I'm angry that it took me this long to realize the error of my ways. I have begun to refocus my life and build my relationship with God and my family. I learned that there are many disciplines I will have to succeed in before I can call myself a complete Christian and godly man. Thank you for bringing down the walls, rain, and showing me the light to a new and better life.

VINCENT AHERN, *Richmond, Va.:* I attended my third P.K. event this year and each one had a unique and profound effect on my life. The 1996 theme was "break down the walls." God's approach to racism and prejudice is so much more effective than the billions invested in government programs that divide us. "Have we not one Father, have we not one faith, have we not one calling to become one holy race?" Building relationships with men of God, of all races, benefits us all. God calls us to be overcomers. I want mighty warriors like Wellington Boone [a speaker at the rally] on my side. My life has been blessed by my black brothers in Christ who have taught me the definition of fervent prayer.

LOU BENDER, *Reston, Va.:* Praise God, the speakers tell it like it is! None of this politically correct mush, but be faithful to your wife, stay out of debt, be ethical and honest at work and be the head of your household.

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By Karl Zinsmeister

Indicators

RACE PREFERENCES SHRIVEL

Racial preferences became ingrained on American campuses over the last two decades. In admissions offices at the nation's best colleges (top 20 percent), **being black or Hispanic has counted in your favor as much as "several hundred points on the SAT" or "a grade point average one letter grade higher,"** according to a careful study of 5,000 recent students released by the Brookings Institution. An otherwise equivalent white student needed a GPA of 3.8 to have the same chances of being admitted as a black or Hispanic applicant with a GPA of 2.8. As a result, the study reported, an average white applicant stood a six-in-ten chance of getting into an elite college, while the chances were nine-in-ten for a black student with similar characteristics and eight-in-ten for a Hispanic.

But in certain places those sorts of preferences are now beginning to die out, thanks to court challenges and new administrative policies. In 1995, the Regents of the University of California decided to shift to colorblind admissions at state schools, and the first students admitted on that basis just started classes this fall.

Media reports on California's new colorblind policy have described it "in uniformly alarmist and simplistic terms," writes Harvard professor Stephan Thernstrom in a new report from Washington, D.C.'s Center for Equal Opportunity. "When color preferences were outlawed and all applicants judged by the same standard, it was inevitable that the racial mix of the incoming class would change," he writes, but overall, the changes have not been nearly so stark or inscrutable as the press has suggested.

The decline in minority enrollments has been sharpest for blacks. Black law school enrollments are down, especially at the top schools. The full picture, though, is much more mixed. While "the fact that no blacks were admitted to the UC-San Diego medical school was widely publicized" following President Clinton's visit, the reality is that **"the number of blacks enrolling in the state's medical schools this fall actually increased slightly"** in total. (See chart at upper right.) Meanwhile, Hispanic enrollments in the California system dropped much less than for blacks, and Asian enrollments are *up* crisply.

The end of University of California preferences for blacks and Hispanics has "reduced their numbers somewhat in the short run," summarizes Thernstrom. "But **it will benefit those with solid qualifications by removing the stigma of having been admitted under different and distinctly lower standards.** And it will produce a far healthier academic environment in which no group of students…consistently ends up with the poorest academic records and with high rates of failure on the bar exams or medical boards."

Black Enrollments at University Of California Medical Schools

	1996	1997
UC-San Diego	3	0
UC-Irvine	2	0
UC-Los Angeles	10	10
UC-San Francisco	11	12
UC-Davis	0	5
Total	**26**	**27**

Source: Stephan Thernstrom, "The End of Preferences," Center for Equal Opportunity, 1997.

REJECTED CHILDREN

Researchers Patrick Fagan and Dorothy Hanks suggest in a Heritage Foundation report that a new way of assessing the status of American children would be to aggregate the annual number of abortions, births out of wedlock, and children experiencing divorce to produce what they call a "Child Rejection Ratio."

Reworking their idea slightly and applying it to recent public data yields **a troubling picture of widespread abandonment of American children today.**

While there were 6.5 million conceptions in the U.S. in 1992, 900,000 of these resulted in miscarriage, so there were 5.6 million children up for acceptance or rejection by their parents during the year. Based on data already in and projections from current trends, this is how those 5.6 million young Americans needing nurture will fare:

"Child Rejection" in the U.S., 1992

Abortions	1.5	million
Children born out of wedlock	1.2	
Children born in wedlock who will eventually live apart from a parent due to divorce (est.)	.9	
	= 3.6	million
	÷ 5.6	million children needing nurture
	= 64	**percent at least partly rejected**

Sources: Alan Guttmacher Institute; U.S. National Center for Health Statistics; editor's estimates.

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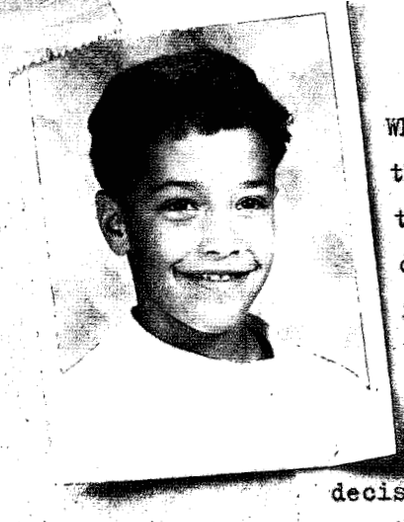

Whether your child is 8 or 18, there's one topic that's always timely to discuss: underage drinking. And talking about it can make a difference. According to kids themselves, their parents play the most influential role when it comes to making decisions about drinking.

That's why Anheuser-Busch offers a free guide for parents called "Family Talk About Drinking." Developed by authorities on child development and family counseling, this guide covers topics like peer pressure, self-esteem and drinking and driving.

So start the conversation now. Call 1-800-359-TALK. Your timing is perfect.

This is the perfect age to talk to him about drinking.

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Two Views

CERTAIN OBSERVERS ON THE LEFT AND RIGHT ARE CALLING FOR MORE CONTROLS ON LIQUOR SALES—ESPECIALLY IN INNER CITIES. BILL BENNETT AGREES. ROBERT BORK DOES NOT.

Should Something Be Done About Alcohol?

Robert Bork

Virtuocracy—which may be defined as the bureaucratization of personal morality—is on the move again. We have just seen public hatred of tobacco companies whipped to a fever pitch with some dubious arguments. Now it is the turn of the liquor industry. Before we succumb once more it would be well to examine the social science and raise some questions that social science cannot answer.

William J. Bennett has recently noted that a high density of liquor stores and a high rate of crime often coincide. For that reason, he argues, the number of liquor stores and the amount of liquor advertising in poor neighborhoods should be limited by law. Moreover, Bennett wrote recently in the *New York Times*, "If the liquor industry does not start acting in a more socially responsible way, it may soon find itself held in the same kind of esteem in which the tobacco companies are now held."

There are, it is said, only three or four arguments in the world. Two of them are "It's a slippery slope" and "No, it's not." In this case, the slope is indeed quite slick. After tobacco, alcohol is next on the hit list of the morally superior and the trial lawyers (two groups that are not to be confused). Already we are hearing that Absolut Vodka advertisements are the Joe Camels of drinking, and that, since larger automobiles tend to crunch smaller ones in accidents, sports/utility vehicles are the Joe Camels of automobiles. Who will be next? Only the plaintiffs' trial lawyers know for certain.

AMERICA ACHIEVED GREATNESS BY RELYING ON INDIVIDUALS TO TAKE PERSONAL RESPONSIBILITY FOR THEIR OWN BEHAVIOR.

Taken one at a time, there is a good case for banning any number of products and services. And there surely is a link between alcohol and violence. But there is also a link, as Bennett and his colleagues note, between strong community norms and the decline of both violence and drinking. There is also a connection between police presence and the inhibition of drinking and violence.

William J. Bennett

One needn't consult the research literature to see that there is a strong link between alcohol availability, alcohol consumption, and crime. Simply travel to inner-city neighborhoods and talk to residents, teachers, law enforcement officials, and pastors. You'll find that liquor outlets are where alcoholics and crack addicts congregate, and that in areas with a high concentration of liquor outlets there will often be a hornet's nest of alcohol-related social problems: crime, public urination, homelessness, disorder, broken windows, broken bottles, broken lives. This is inner-city, street-level reality.

There is near-universal agreement among the good people who are struggling to bring decency to these mean streets that the density of liquor outlets needs to be reduced and, because alcohol manufacturers bombard urban neighborhoods with beer and malt liquor ads, billboard and other local ads need to be restricted. In some instances, this will require imposing more stringent zoning ordinances on liquor stores and placing new limits on alcohol advertising near schools, churches, and public housing. In other cases, existing alcohol-related ordinances simply need to be enforced more aggressively (as they are in affluent suburbs) by anemic liquor control agencies.

When I made these points in a recent book and *New York Times* essay, some conservatives reacted critically. "Family values" columnist Maggie Gallagher wrote that she was troubled by a New Puritanism stalking the land. And I was told one conservative asked, "What's the next target, Ben and Jerry's Ice Cream for clogging veins with cholesterol?"

These are odd reactions, given that I don't advocate alcohol prohibition, greater federal involvement, tobacco-like settlements, or having lawmakers dictate policies to inner-city residents. What I do support are the admirable efforts of local citizens who are getting their brains beaten in by the proliferation of liquor outlets. I don't think conservatives should object when inner-city residents try to fight back against conditions that residents of affluent districts would never tolerate.

I agree with what my friend Bob Bork says in his companion essay about effective policing, inculcating morality, and the role churches must play. What I disagree with is his argument that the majority of people who live in neighborhoods with a

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Bork continued

It is well to remember that the greater density of outlets for alcohol in poor neighborhoods reflects the choice of the individuals involved. Bennett appears to disagree: "It makes no sense to insist that it is all merely a matter of free markets, as if liquor stores simply go where the people want what they sell." This is to deny an economic truism. What, other than demand, can account for the presence of any business? Sellers go where people want what they offer.

Alcohol can be a very serious problem. But the solution of just taking away what people want because it is bad for them lets loose a principle that is very hard to contain. That is the virtucratic answer to any social problem. Though Mr. Bennett is not himself a virtucrat but an astute cultural commentator, he is providing the social science cover behind which the virtucrats advance.

This is not to say, however, that nothing can be done. I've noted the effectiveness of strong community norms, and attachment to traditional institutions, in curbing alcohol-related disorder. Of these institutions, the churches of a community are probably the most important propagators of real virtue—virtue that leads to personal responsibility rather than social manipulation.

Professor John DiIulio, who studied the alcohol-crime link with Mr. Bennett and is one of America's foremost social scientists, has announced that he will spend the majority of his time for the rest of his career working with inner-city ministers and churches in an attempt to restore to those communities the values that are now too frequently absent. New York City, moreover, has demonstrated that effective policing can reduce crime, perhaps by almost half. These sorts of efforts are far more likely to be productive than simply beating up on liquor companies.

America achieved greatness by relying on individuals to take personal responsibility for their own behavior, a reliance usually buttressed or inspired by religion. As one of America's premier social scientists has observed: "In the mid-nineteenth century England and America reacted to the consequences of industrialization, urbanization, immigration, and affluence by asserting an ethos of self-control, whereas in the late twentieth century they reacted to many of the same forces by asserting an ethos of self-expression." The ethos of self-control was inculcated by churches and by other institutions related to religion. That is why efforts to revitalize inner-city churches are so important.

To accept the virtucratic answer to our problems is to accept the ethos of self-expression as inevitable and beyond our capacity to alter, except by legal compulsion. Perhaps that is the case. But it would be better to try to inculcate morality, personal responsibility, and self-control before we adopt the strategy of treating the poor as recalcitrant children.

Robert Bork is the former solicitor general of the United States, the author of Slouching Towards Gomorrah, *and Olin Scholar in Legal Studies at the American Enterprise Institute.*

Bennett continued

high density of alcohol outlets are just getting what they want. What Bork doesn't acknowledge with his reference to the "economic truism" of supply following demand is that a relatively small minority of people in a neighborhood can consume enough alcohol to make it profitable for sellers to be there, even if that is contrary to the will of the majority. James Q. Wilson and others have noted that public drunkenness is ranked by many urban residents as neighborhood enemy number one.

A recent *Washington Post* article illustrates the point. Because of overwhelming community opposition, a new Washington, D.C. grocery store abandoned its bid to obtain a liquor license. The pastor of a local church put it this way: "Five hundred community residents spoke with one voice to say, 'We don't want another drop of alcohol in this community.'" A resident pointed to three liquor outlets in the same block and said, "We didn't need another outlet for beer and wine in this community."

You will not find three liquor outlets on the same block in Chevy Chase, Maryland; Scarsdale, New York; or Bel Air, California. A minority of residents may want that, but the majority won't allow it. And they don't worry that in keeping a lid on the number of liquor outlets (and attendant violence) they are sliding down a slippery slope toward a ban of Ben and Jerry's Ice Cream. Under what theory of democracy do we deny the citizens of a community the prerogative to restore lawful order in their lives? It is not written in the conservative tablets that the right to engage in commerce supersedes everything else.

CONSERVATIVES SHOULDN'T OBJECT WHEN INNER-CITY RESIDENTS FIGHT CONDITIONS THAT RESIDENTS OF AFFLUENT DISTRICTS WOULD NEVER TOLERATE.

Would Judge Bork, Maggie Gallagher, and others worry over zoning restrictions if the issue were pornography shops instead of liquor outlets? I doubt it. Judge Bork advocates government censorship of pornography on the Internet, in movies, and in rap music, and those who oppose him in this often invoke the slippery slope argument themselves ("Today it's Marilyn Manson, tomorrow it's Elvis Presley"). As a brilliant, forceful advocate of public decency, what possible objection could he have against local residents banning alcohol billboard advertising from the horizons of schools? And why doesn't Bork consider government censorship of pornography to be the "bureaucratization of personal morality"?

When the "little platoons" that philosopher Edmund Burke referred to actually work to make a positive difference in their community, we ought to applaud, not complain. In supporting their aspirations we are treating them not as "recalcitrant children" but as fellow citizens.

William J. Bennett, former head of the Office of National Drug Control Policy, is co-director of Empower America.

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DAYS OF APATHY

AN ESSAY BY **PETER AUGUSTINE LAWLER**

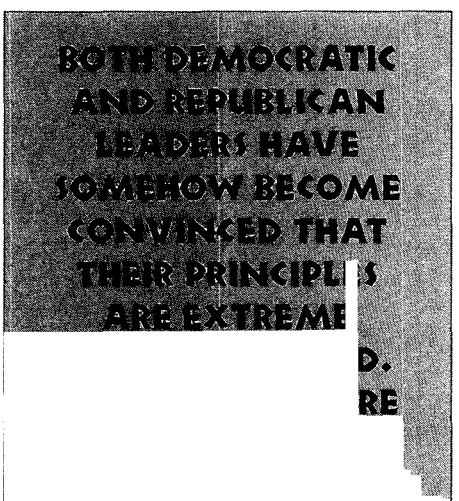
FOLLOWED BY RESPONSES FROM

JOHN FUND, JONATHAN RAUCH, & MICHAEL BARONE

AMERICA HAS ENTERED A PERIOD OF POLITICAL APATHY. Everywhere we hear laments that the nation suffers from shallow politics: Washington is reduced to bickering over financial and sexual scandals, interest groups scurry for economic advantage, and the two parties are separated only by petty differences. The Democrats, yesterday's party of big government, today claim to be for budget-balancing and even some tax-cutting and welfare-reforming, and they concede that there's little money or mandate for new programs. Their own President Clinton announced in January 1996 that the era of big government is over. Meanwhile, beginning with Dole's '96 campaign, Republican leaders have offered only perfunctory support for their primary goal of tax reform. And after years of hearing false promises, voters don't believe their own taxes will be cut much by anyone.

One reason for our lack of unifying national purpose is the absence of any external challenge requiring risk and sacrifice. Americans were ennobled and exhilarated by their moral leadership in the Cold War. Many American men were prepared for responsible lives as citizens and fathers by the draft. But what clarion call can provide contemporary Americans with a motivation equivalent to that of a just war? President Johnson's demand that poverty surrender unconditionally like the Germans and Japanese now seems ridiculous, and a pernicious cause of big government. President Clinton's national service program is simply nothing like military service, and we're too aware that his own lack of experience explains why he fails to see the difference.

At present, even the cultural war seems muted. Politicized feminism has been rejected by the public. After years of resistance from the Left, the importance of fathers and two-parent families is once again generally accepted. More Democrats now mouth symbolic opposition to abortion—and most Republicans don't push for legislation that would be more than symbolic. Everyone is against cloning people. There was a brief burst of Republican talk about reining in the imperial judiciary, but the 1997 Supreme Court suddenly doesn't seem so dictatorial. Affirmative action, which angered many in the early 1990s, is (largely thanks to the courts) now in retreat, and its defenders look like entrenched interests rather than idealists. Our Democratic President's pursuit of racial justice has been reduced to two silly initiatives: a traveling "national conversation" launched in June, and an official apology for slavery. Politicians of both parties neither bash gays nor embrace them (conservatives and the easygoing President agree they should not marry each other). Nor does anybody coddle criminals by attempting to explain away their criminal behavior, as liberals used to do.



Foreign policy is more boring than ever. Nobody threatens us, and no significant number of our boys (or girls) are anywhere near combat. There's nothing to scare or inspire us. The responsible, interventionist foreign policy of the Cold War has been replaced by a new popular isolationism that is quite different from both the aggressively anti-American isolationism of Vietnam-era Democrats and the economic nationalism of Pat Buchanan. There's simply nothing outside America that either commands people's attention or unites them in national purpose.

THE ELECTION OF 1996 revealed an enervated and distracted citizenry, neither inspired nor aroused by parties that lacked the courage of their convictions. The President was reelected because he was able to claim responsibility for a time of peace and prosperity, and because he shamelessly and skillfully abandoned—through welfare reform and a calculated move to the center—his party's principled commitment to redistributing wealth.

The Republicans didn't have a presidential candidate who credibly stood for the principles that swept them to control of Congress in 1994. Party sophisticates longed for Colin Powell, whose personal accomplishments and character transcended his lack of devotion to Republican ideals. They decided America needed another Eisenhower because they believed they couldn't win without one. The Republican establishment fended off these sophisticates, however, and favored Bob Dole—who cannot speak principled words without making clear his ironic detachment from them (which is why he

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shines on Letterman and in commercials). The Republican convention was an effort to convince people that Republican politicians don't really believe what the party's enthusiasts do believe. Even religious conservatives—perhaps the most energetic portion of today's electorate—now suffer from electoral apathy. The movement has largely been a political failure. Republican presidents and legislators have paid them little more than lip service. In response, some religious activists are shifting emphasis toward personal renewal and evangelism. Yesterday we had the Christian Coalition; today we have Promise Keepers and campus crusades.

Both Democratic and Republican leaders have somehow become convinced that their principles are, or at least appear, extreme and discredited. So they are trying to figure out how to win without them. The people, yawning, see no reason to act decisively, which is why they returned the Democratic President and Republican Congress in 1996 after an unusually empty campaign. In retrospect, the election seems to have been more an effect than a cause of apathy.

IT IS HARD TO KNOW what to make of today's apathy, which does have some positive aspects. Perhaps the present really does correspond to the apolitical 1950s, when—despite the claims of Beatniks and other intellectuals—more Americans than ever before lived happy, affluent, and responsible lives.

The *Federalist*, that great commentary on the intentions of our Constitution, sees much good in political apathy. Good government should secure people's rights, their peace, liberty, and prosperity, and so their political satisfaction. Political animosity is to be minimized with competent officeholders, and people should mostly be absorbed in their private pursuits. The reelection of incumbents in 1996 and the new propensity in Congress toward a bland splitting of differences shows our Constitution is achieving its purposes, under this view. The *Federalist* sees

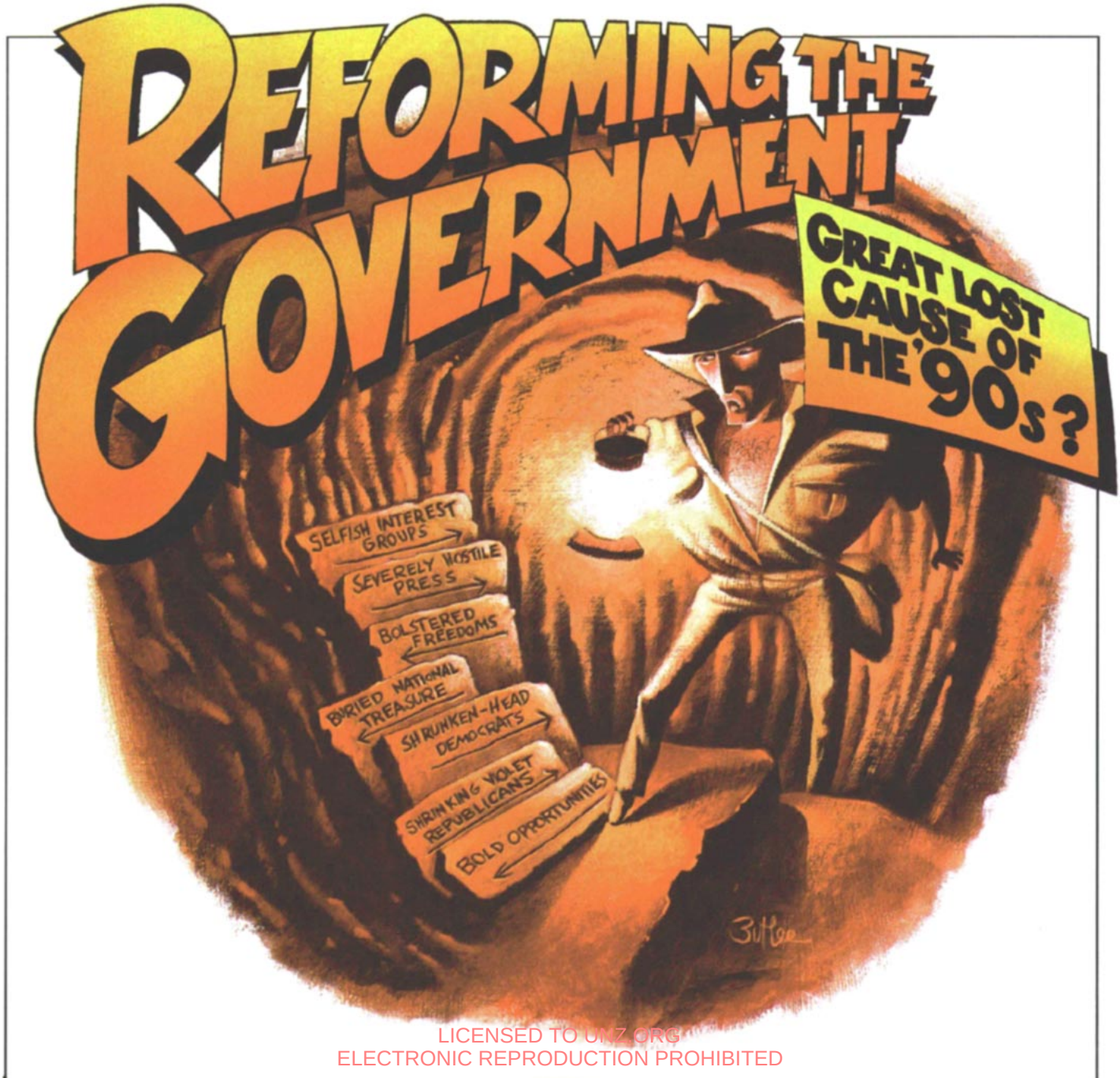

Illustration by Ralph Butler

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some good in political torpor because it views an aroused, passionate citizenry as a threat to liberty and good government.

The nineteenth-century thinker Alexis de Tocqueville expresses a very different view of apathy in his classic analysis, *Democracy in America*. The main threat to liberty in a democracy is not passionate majoritarianism, he argues, but rather passionless *self-absorption*. A steady weakening of self-reliance and of familial and communal ties gradually leads to an apathetic, withdrawn existence. The danger is that people in democracies will be drawn steadily into obsession with petty enjoyments of the present without any thought for the future. Tocqueville named this lethargic state "individualism."

Most of today's critics of political apathy are Tocquevillians. They are convinced that today's political apathy is part of a larger destruction of the community spirit that leads individuals to think and act as social beings—as mothers, fathers, members of religious groups, and citizens.

Both the Left and the Right attack apathetic irresponsibility today. The Left decries growing insensitivity to the poor and eroding interest in collective life. The Right criticizes individuals' refusal to take responsibility for their own actions and well-being, and mourns the shirking of duties to family, neighbors, and nation. Left and Right join in criticizing selfish withdrawal into one's own feelings, the growing resort to therapy as a substitute for moral rectitude, and the stupefaction of the citizenry by television. Both Left and Right now tend to agree with Allan Bloom, who in his best-selling *Closing of the American Mind* depicted middle-class Americans (especially the young) as "nice," listless, self-satisfied, and flat-souled—and becoming more so.

The Right and Left disagree mainly on the *cause* of America's growing apathy. The American Left is neo-Marxist, and so its members blame unfettered global capitalism. In today's high-tech society, they say, there is no meaningful economic or political role for Americans who are not part of the economic elite. The market's impersonal mechanisms reduce people to passive animals to be controlled.

The Right blames big government. What used to be accomplished by associations centered around the family, church, neighborhood, or local government is now done impersonally by a big, bureaucratic government that gently manipulates compliant people with a maze of rules, the way a schoolmaster, as Tocqueville says, deals with children. Like children, contemporary Americans hand over to others the responsibility of thinking about the future. In the words of their best writer, Harvard professor Harvey Mansfield, today's Tocquevillians worry that "if government could somehow render our lives care-free by caring for all our needs, its success would put an end to our freedom by leaving us nothing to do."

NEITHER PRESIDENT CLINTON nor the Republicans have begun to dismantle big government, but neither is government any longer expanding much. Socialism is dead, and probably social democracy too. The Canadian and European varieties are clearly going bust, and they are no longer models for American development. The few American entitlements, such as Social Security and Medicare, are also collapsing, and people will increasingly have to fall back on their own resources, instead of the government, for retirement and emergencies. (They dare not rely on their extended families, or even on their nuclear ones in many cases.)

There is plenty left for individual Americans to do—more than ever in many ways. Joe and Jane Citizen may not be following Congress's latest budget maneuvers, but they are fretting about how to pay for their kids' education, whether there are drugs in their neighborhood, and where they're going to be working ten years from now.

This fits with Tocqueville's description of Americans as tremendously restless, especially in their pursuit of prosperity. Far from being generally apathetic, they are constantly toiling to secure comfortable futures, even when their lives are already full of comforts. They actually seem to dislike leisure, Tocqueville observes, believing that it encourages melancholy.

It's true that social ties are now very weak in America, and that citizens are often lonely and disoriented. Violence, sexual experimentation, and all manner of depravity have become common even among the middle class. But Americans have not lost their hunger to know and love God and each other, because these things have their foundation in indestructible human nature.

Our public apathy may therefore be more superficial and fragile than many observers realize. It is partly just a product of peace and prosperity, as well as the growing conviction that our most fundamental problems are now moral rather than political in nature. An irresponsible permissiveness that first emerged in the 1960s (when it was passed off as idealism) has been fed by both capitalist consumerism and meddlesome, bureaucratic government. The question of the day is, what can be done in public life now to attack the moral irresponsibility that has resulted? The reigning consensus is "not much."

Many responsible leaders are beginning to say that what is required is a spiritual revival. (This is why many Americans refuse not to see something good even in a person like Minister Farrakhan.) However there is no political way of building spiritual strength.

Consider divorce and parental irresponsibility, the immediate causes of American social disintegration. At the root of these afflictions lies a combination of extreme individualism and moral permissiveness that leads people to the erroneous belief that they can find personal happiness independently of their family duties. But what can be done politically to damp down rampant divorce, irresponsible fatherhood, and the negative consequences of women's liberation?

Our best hope for national leadership on this question may come from those who have themselves had miserable firsthand experience with excessive liberation. A substantial majority of Americans are now disturbed about the contribution of sexual liberation to deteriorating family life and personal happiness. Whether substantial numbers will change their behavior remains to be seen.

SO CONTEMPORARY ALARMS over political passivity may be too pessimistic. Americans are far from listless in their private lives, and our apathy toward politics may even be connected with a renewed appreciation of personal responsibil-

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ity and the need to face daily challenges as individuals. Americans may simply have concluded that when it comes to civic and personal renewal, governmental efforts are ineffectual at best.

Peter Lawler is a professor at Berry College in Georgia.

JOHN FUND RESPONDS:

John H. Fund is a member of the editorial board of the Wall Street Journal.

Who can doubt that apathy is the fastest-growing political movement in America? Brian Lamb, the director of the public affairs channel C-SPAN, says he has seen a dramatic drop-off in calls to his programs. "It is harder to get the phone lines filled now than at any time in this network's history," he says.

The apathy is also spreading to the polling booth. New York City's Democratic primary for mayor in September saw 83 percent of that party's *registered* voters stay home. In the 1996 presidential race, just 49 percent of voting-age Americans (and only 15 percent of Generation X voters) went to the polls. As Peter Lawler points out in his cogent essay, it is important to understand *why* Americans seem so disconnected from national politics.

In traveling around the country I hear three repeated explanations for this political ennui.

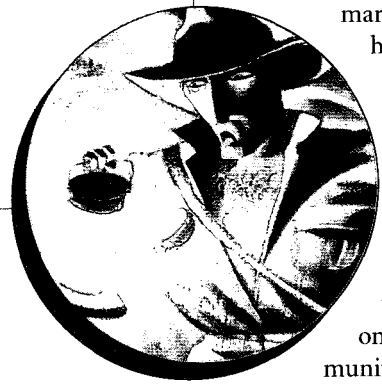
1) Liberals maintain that a collapse of faith in government has made it impossible to rally people to expand Washington's "ability to do good." "I cannot recall a period in which government has been more irrelevant," says Walter Shapiro, a former Clinton administration official who is now a columnist for *USA Today*. For the foreseeable future, he complains, "nothing is going to happen in Washington that affects anyone's life."

2) Conservatives often blame the rise of apathy on the end of the Cold War, which means the nation is no longer facing a nuclear missile-equipped evil empire. They also note a shift in energy to innovative experiments in governance being conducted out of state capitols and city halls.

Some inside-the-beltway conservatives have decided it's time to stop bashing the federal establishment. "I'd give speeches, and I'd try to find out how low you can go in criticizing government," former Secretary of Education and drug czar Bill Bennett says, "and I found there is no bottom. There is no line that won't get a laugh. And I decided I was just fouling my own nest."

Many of these conservatives, including Bill Kristol of the *Weekly Standard,* and former *Wall Street Journal* features editor David Brooks, have decided the response to political apathy is an activist national conservatism that borrows much from Teddy Roosevelt. They do not believe that devolving power down to the "little platoons" that Edmund Burke spoke about is a route to national greatness. "We love a village, but a village doesn't have a Manifest Destiny," says Bennett.

IT'S LIKELY THAT THE PEOPLE MOST DEPENDENT ON GOVERNMENT WILL OVERSHADOW OTHERS IN POLITICAL ACTIVITY IN THE FUTURE.



3) A vast number of people appear to be untroubled by the public's detachment from conventional politics. "Volunteerism is up, charitable giving is up, but political activity is down. Is that so bad?" says Ron Unz, a software executive who won 34 percent of the vote against Governor Pete Wilson in California's 1994 GOP primary. Unz is now channeling his political ambitions into voter initiatives. [See the lead item in this issue's SCAN section.] Unz believes the future of politics is in voters' taking direct control of key issues and applying local solutions. That includes not only ballot initiatives but community involvement through schools and churches. "People want to make a difference where they can touch, see, feel, and measure the results," says pollster Kellyanne Fitzpatrick. "The average voter is seeking simplicity, security, and solutions. They look at Washington and see complexity, problem creation, and evasion."

THE DECOUPLING OF AMERICA from Washington may result in more conservative dynamism at the local level, but it leaves national Republican politicians in a quandary. Their base is drifting away from them, disenchanted with Dick Morris-like budget agreements that blur the differences between the parties. In his farewell address as executive director of the Christian Coalition, Ralph Reed accused congressional leaders of "vacillation" and having a "craving for compromise and capitulation." When field marshals in the conservative movement such as Ralph Reed worry about the steadfastness of its elected officials, is it any wonder that the troops are melting away?

It may be understandable, but it is ultimately troubling. In 1996, voter turnout fell to its lowest level in 72 years, and participation was down in every demographic group except one: People who depend on the government for a job or a check. "If you were a senior, on Medicaid, getting an EITC check, or veteran's benefits, you were more likely to perform your civic duty," says Ms. Fitzpatrick. Many who depend on government for "substance or subsidies" felt threatened by the "Republican revolution" of 1994, she explains, and wanted to make sure it didn't progress any further.

Perhaps 1997's distinctly unrevolutionary new budget deal will cause political apathy to spread to the entitlement class in 1998. But it's more likely that the people most dependent on government will overshadow others in political activity. The conventional wisdom that a lower voter turnout favors conservative candidates may be outdated. Perhaps it's time to consider the example of the Czech Republic, which allows voting over an entire weekend, or states like Texas that allow voting at special locations in the two weeks prior to an election.

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Political apathy is spreading. And it is in the self-interest of productive Americans whose lives *don't* revolve around politics to take steps to ensure that it doesn't go further—lest we become a nation of civic slackers, and let the reins of government fall into the hands of those who merely want to milk it.

JONATHAN RAUCH RESPONDS:

Jonathan Rauch is author of Demosclerosis: The Silent Killer of American Government.

Apathy? Not really. Peter Lawler seems to be arguing that Americans are not very excited about politics any more, and that, contrary to complaints from both ends of the ideological spectrum, political apathy may actually be just the ticket at a time when more and more of our problems have migrated outside the strictly political sphere. All of that is probably true, so far as it goes. But it seems to me that *apathy* is a big soggy blanket of a word, one that covers up much more than it explains about what's going on.

It is certainly true that Americans are disenchanted with politicians and government. Trust in government continues to bump along near the bottom of its post-Watergate ditch. But disenchantment is not apathy. It flows from strong opinions and bitter experience. The Right and Left are disenchanted for different reasons, and blame each other for government's disabilities, but that hardly means that people have stopped caring.

It is also true that recently the two political parties have sounded mostly alike. In the 1996 election, the only big difference between the presidential candidates was Bob Dole's plan to cut taxes. Beyond that, it was a matter of "protecting" Medicare versus "saving" Medicare. Republicans promised to shelter us from Hillary Clinton, Democrats promised to shelter us from Newt Gingrich, and both sides promised not to change much of anything. The recent budget deal between the President and the Republicans ringingly affirms the abject abandonment of all reformist ambitions.

But the lack of political argument does not imply that people have stopped caring. Republicans, Democrats, conservatives, liberals, whites, and blacks retain profound differences over affirmative action, abortion, education, crime, taxes, and spending. Liberals are still offended because government isn't doing enough and conservatives are still offended because it does too much. Of course, some large share of the public is more interested in kids and jobs than in politicking, but that has always been true.

ATTRIBUTING TODAY'S political pause to "apathy" obscures more than it explains. So what's really going on? One lively possibility is that the post-1995 calm is deceptive, and that stark and passionate differences will boil up again soon. I suspect they will. But there are also deeper forces that militate, I think, against Washington's being quite the national obsession in the future that it was between, say, 1964 and 1994.

First, government (and thus politics) has already picked all the low fruit from the trees. Washington is good at building giant infrastructure projects, writing checks, and waging wars. But the highway system is now built, Social Security has become sacred, and the Cold War is over. So now government occupies itself with problems it can't solve easily, if at all, and with second- and third-order problems created by earlier solutions. The Republican Congress's overhauls of welfare and farm programs were landmark achievements; but both reforms merely made desperately overdue changes in 1930s mechanisms that had been dysfunctional for decades.

Second, government's activism has spawned a fantastically large and ceaselessly growing ecology of lobbies which, like barnacles on a ship, cling to every program and paralyze government. So, even as the problems get harder for Washington to solve, Washington loses the flexibility to attack them.

Third, the public itself blocks every attempt at coherent, fundamental reform. People may be unhappy with government in the abstract, but making a reform means goring particular oxen. Lobbies have no trouble alarming the public when politicians try to mount ambitious changes. Bill Clinton, with his health-care plan in 1994, and Newt Gingrich, with his budget and Medicare reforms in 1995, both learned the same thing, which is that reformers walk into a crossfire whether they try to march up the hill or down.

So that leaves government stuck about where it is, not because people either like where it is or don't care, but because they see no promising way to move it. Government can't grow much because voters resist raising taxes (and elites resist deficits), but it can't shrink much because client groups surround every program with barbed wire and machine-gun nests. Measured as a share of the economy, federal spending is smaller than in 1986, but essentially all of the net reductions have come out of defense. The attacks on big government by Newt Gingrich and Ronald Reagan and Barry Goldwater haven't reversed its size at all (though they may have reduced its popularity).

Conservatives have been even slower than liberals, I think, to grasp government's intractability, though both groups lag the public. I'm all for debating whether there ought to be an Economic Development Administration or school vouchers or capital gains taxes. But conservative visionaries who still hope to radically reduce Washington's reach are, today, just as pie-eyed as liberal visionaries who hope to turn America into Sweden.

WHAT DO YOU DO when your car is up to its windshield in mud? You get out and walk. That's what many Americans are doing now in response to government's inability to get them where they want to go.

It's important to distinguish between political disengagement and civic disengagement. Yes, voter turnout is down. But evidence suggests that levels of civic involvement—clubs, churches, volunteer groups—are as high as ever, maybe higher. The share of Americans who volunteer for charitable or social-service activities has risen from about 30 percent in the early 1980s to over half in 1995; per capita charitable giving has increased (in constant dollars) by almost 40 percent since the 1980s.

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It is also worth distinguishing between apathy and resignation, or, as I like to think of it, enlightened defeatism. Apathy means sitting in front of your TV eating potato chips, which is senseless. Resignation means grasping government's infirmities and getting on with your life. Which is sensible.

THE RECENT BUDGET DEAL BETWEEN THE PRESIDENT AND THE REPUBLICANS RINGINGLY AFFIRMS THE ABJECT ABANDONMENT OF ALL REFORMIST AMBITIONS.

MICHAEL BARONE RESPONDS:

Michael Barone is a senior staff editor for Reader's Digest *and a regular contributor to* The American Enterprise.

"Foreign policy is more boring than ever," laments Peter Lawler. "There's nothing to scare or inspire us." Well, yes. We do not face a world, as our forebears did in 1940, where the landmass of Eurasia is almost entirely occupied by Hitler and Stalin. The prospect of nuclear destruction is remote. Foreign policy certainly is more boring than it was in 1940 or 1962 or 1917—and a good thing, too.

Domestic policy is more boring as well—and that is a good thing, too. In the 1970s and 1980s it was predicted in various quarters that America was in decline, whether because government was despoiling the market economy or because Caspar Weinberger's defense budgets were "imperial overreach." In the 1990s it is plain for all to see that America is leading the world in economic growth, in innovative technology, in increasing reliance on markets rather than bureaucracy. There are political arguments, to be sure, but there is very much less to argue about. And so it is natural that Americans have turned to cultivating their own gardens. Is there anything so bad about that?

I suppose the answer has to be, yes, there is always something to worry about. But what exactly? Not the fact that American voter turnout is low. It is much higher in Puerto Rico and much lower in Switzerland, yet who would argue that Puerto Rico is a better functioning polity than Switzerland? What reason is there to believe that the political process would be improved by the participation of those too uninterested to do the simple things required in America to register and vote?

Lawler looks for the answer in the right place: Tocqueville. I have argued elsewhere that in important respects the post-industrial America around us more closely resembles the pre-industrial America which Tocqueville described than the industrial America in which most of us grew up. Tocquevillian America is egalitarian, decentralized, individualistic, religious, property-loving, lightly governed. The strengths of a Tocquevillian republic are freedom and creativity. The weaknesses—the opposite sides of the coin—are schism and hedonism. Tocquevillian America surged with great tides of expansion and inventiveness. But it also split in two in the Civil War and was plagued by alcoholism and duelling.

America today is crackling with economic growth and technical creativity, but also divided by culture wars, and plagued by drug use, pornography, gambling, promiscuity and the like. Lawler gets it wrong, it seems to me, when he says that the culture war is over. It is at the very least simmering, if not boiling over in some areas—and the ground being fought over is increasingly over to the right.

In all of this, politics plays some part—even in an age of apathy. Lawler is wrong when he says "there is no political way of building spiritual strength." Statecraft can be soulcraft, as George Will has put it. A well-timed act by government, even one which is only symbolic, can send a cue to the whole society that certain behaviors are sanctioned or desanctioned. Consider crime and welfare. In the early 1960s prison populations went down even as crime rates rose, and the New York City welfare commissioner announced that no welfare applicant's eligibility would be checked. The result: crime rates and welfare dependency tripled between 1965 and 1975. In the middle 1990s the Republican Congress passed a welfare reform law removing the entitlement to welfare and Mayor Rudolph Giuliani's New York City police department cut crime by almost 40 percent in a few years: crime rates and welfare dependency are now declining as steeply as they were rising between 1965 and 1975. These vast changes, unexplainable by economic or demographic factors, occurred because government gave force and moral endorsement to ideas that were already gathering strength.

In our apathetic Tocquevillian republic, government has made great progress in eliminating lower-class vices and has even done a little to strengthen middle-class virtues. Only five years ago Dan Quayle was ridiculed for saying that romanticizing single-parenthood could hurt children; less than two years later *The Atlantic* proclaimed "Dan Quayle was right." We are some distance along the way toward desanctioning single-parenthood.

We are even making a little progress toward desanctioning that destroyer of children's happiness, divorce. Several state legislatures have mulled abolishing no-fault divorce for couples with children, and Louisiana has passed a law providing marrying couples with an alternative of "covenant marriage" which will make divorce more difficult. The passage of no-fault divorce laws in every state starting in the late 1960s gave sanction to easy divorce; now we seem to be moving, slowly, the other way.

Even at the national level politicians have tried to respond to the widespread sense that we in the baby-boom generation have not raised our children as well as we were raised. The much-maligned 1997 budget agreement cuts back a bit on health care spending for the elderly and inserts ham-handed efforts to help children: the Republicans' $500 tax credit and Clinton's college tuition breaks. Admittedly, these are not very intelligent as public policy. But they show that politicians are struggling to respond to the public. That this is not the best of all possible situations I am readily prepared to grant, but it is very much farther from the worst.

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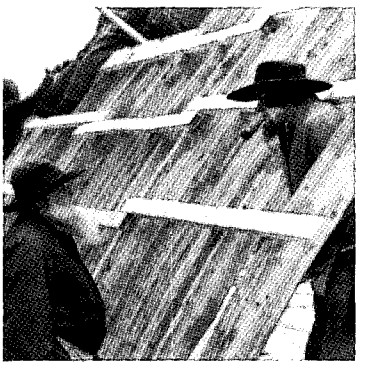
Plain Independent:

What the Amish Can Teach Other Americans About Reducing Reliance on Government

By Hannah Lapp



Both photos —UPI/Corbis-Bettman

"I don't know what there is to talk about," said Lydia. "I can put it in five words: We don't take government handouts." Standing at the door of her kitchen in a calf-length blue dress and white apron, she studied my notebook uncomprehendingly.

I was visiting the home of the young Amish mother in hopes of gathering information on how the Amish people sustain themselves independent of government programs, even in times of crisis. While Lydia wasn't averse to my visit, sitting down in the middle of the afternoon was obviously not her habit. "It doesn't seem I've done anything all day!" she exclaimed as she ushered me to a chair on the front porch. "I washed the laundry and sewed a few things. I canned some zucchini and string beans."

Lydia's mother, Mary Ann, and father, Jacob, had agreed to gather at her home in Clymer, New York, for my interview. Her small daughter Lena and son Myron rushed at their grandparents as they arrived and pounded on Jacob's legs with shouts of "Grandpa, Grandpa!"

It was Jacob who was able to provide me with specifics on how the Amish have through three centuries managed their affairs from cradle to grave without making use of government aid programs. In between blowing up balloons for his grandchildren and listening to their breathless tales, the elderly Amishman described his people's tradition of mutual aid.

Staunch self-sufficiency has been a way of life for the Old Order Amish since 1693, when Jacob Ammon founded the group as an offshoot of the Swiss Reformation movement. In those days Europe was dominated by church-state alliances intolerant of religious dissenters; so the Amish fled to North America during the 1700s, settling mostly in Pennsylvania and Ohio. Today, Amish congregations with a total population of about 150,000 are found in 22 states.

The Amish, who sometimes describe their way of life as "Plain," have been remarkably successful at maintaining their religious and cultural identity inside America's melting pot. The faster the world around them changes, the more strongly they seem to stand as a people apart. Amish religious ordinances—which require, among many other things, plain, modest dress and reliance on manual labor and horsepower—have much to do with this. The most important distinctions in the Amish way of life—"earning our bread by the sweat of our brow" and "taking care of our own," as one Amishman put it—capture individual initiative and harmonize it with community interests in a cycle that endlessly sustains both.

While the rest of the world haggles over capitalism versus socialism, Amish society simply turns its back on every welfare program in the book, from public education to Medicaid, and yet provides for its needy in a manner enviable anywhere. The Amish scorn modern thinking on topics like self-esteem and women's liberation, yet turn out men, women, and children who possess the very sense of identity and purpose so wistfully sought by modern people. All this the Amish accomplish without compulsion and without a national leadership.

I can understand why it's tempting for outsiders to view the Amish as mysterious, and to portray them as either leading idyllic lives or, on the other hand, laboring under deep, dark secrets. My own family associations with the Amish convince me there is nothing mystical about them. They contend with all the maladies common to human existence and in so doing have a great deal to teach the rest of us. But because propagating their beliefs abroad is not the Amish way, only through observation can we learn from them.

On the evening I visited Lydia's home in Clymer, in the southwest corner of upstate New York, the family had just received word of the death of a well-known and loved elder in their church. Lydia's husband, Andy, took a break from farm chores to gather on the front porch with his family and parents-in-law as they exchanged bits of news on how Manass Troyer had succumbed to brain cancer. Lydia and her mother, Mary Ann, reminisced on how well Manass had been just three and a half months earlier, working a sawmill job full-time at age 71. The illness struck suddenly, and by the time it was discovered was too far advanced to treat. Week after week, relatives, neigh-

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bors, and acquaintances had nursed the cancer patient in his own home and surrounded him with affection. Family members were getting worn out, Mary Ann admitted, so church friends, including herself and her husband Jacob, pitched in.

Mary Ann told me that just getting tests at the hospital had cost the Troyer family $18,000, and more medical bills followed. Their savings took care of only part of the expenses; fellow church members chipped in the rest. Since the Amish shun not only Medicare and Medicaid, but health insurance in general, medical expenses constitute the single greatest financial burden. Lydia's family had its share as she grew up; Mary Ann needed gall bladder surgery, and Jacob was ill and off work at one time. Also, Lydia's two youngest sisters are learning-impaired, one of them with Down's Syndrome.

How, I asked, do other church members know when a family can't handle its bills on its own? Do they go to the minister to ask for aid? And where does the money come from? "It's very seldom that anyone has to ask," Lydia replied. "Someone they know usually sees they have a hard time handling things and tells the deacon."

Jacob explained that "there is no fund layin' around doing nothing." During their Sunday worship service, which is held in a member's home and attended by the 25 to 35 families that make up a "church district," the deacon stands to announce hardship cases. If there was a $30,000 hospital bill, for example, the cost would be divided up between a hundred districts. The deacon would then announce his church district's share of $300, and each member would come forward with a donation fitting his financial ability. Jacob noted that the donations often add up to a little more than is needed.

"You never tell anyone else how much you gave," Mary Ann added. "You just give what you can." If the donations are anonymous, I challenged, how does the deacon know each member will give enough? The women didn't see that as a problem. "You'd always rather give than be the one who needs it," they answered in unison.

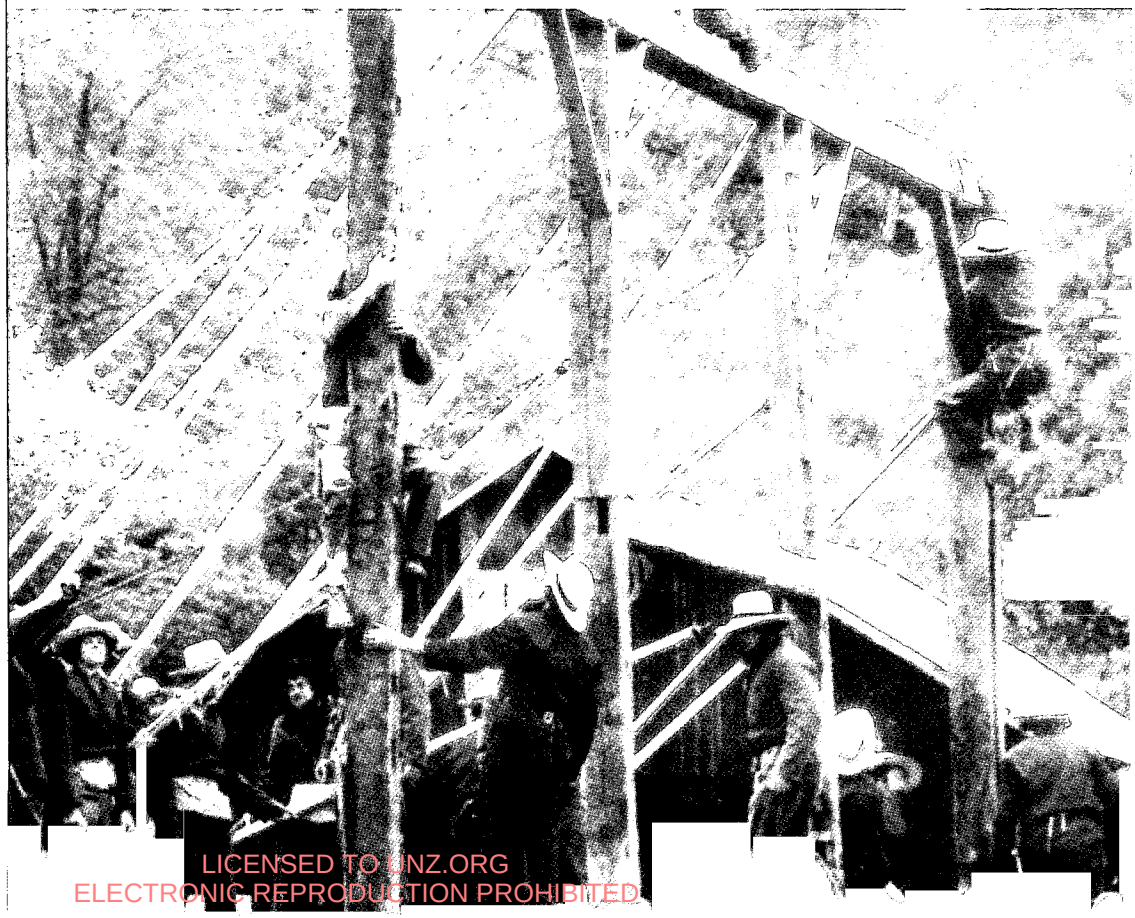
Reciprocal intergenerational bonds are in evidence whenever you visit Amish homes and communities. John A. Hostetler, a prominent author on Amish culture, notes that child nurture is considered the society's most important adult activity. Children, in turn, are expected to nurture others as soon and as much as their capabilities allow. Practically as soon as he can walk and talk, the Amish child is helping with chores in the home, looking after younger siblings, and following older family members around to learn skills. Giving of oneself is so deeply associated with self-importance that Amish youth are strongly work-oriented and proficient in a vast array of jobs. As one Amishman told me, "By the time they are 14, 99 percent of our young people almost can't wait to get out of school and get to work."

Whether young, handicapped, or old, each Amish person seems to have something to contribute to the community. I asked Mary Ann about her youngest daughters, aged 28 and 26, who are disabled and still living at home. It wasn't too hard raising them, she said; in many ways they were a help rather than a burden. Lydia chimed in that her youngest sister was a really good worker—Lydia had even had her over as a maid when Lydia's baby was born.

Jacob cited his 86-year-old mother as an example of how their society provides for old age. The house that belonged to

Hannah Lapp last contributed to The American Enterprise *a defense of voluntary child labor (September/October 1995).*

The Amish depend on their faith in themselves, in the goodness of God, and in the ability of human beings to resolve problems among themselves rather than depending on distant legal channels.



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the old folks was bought by Jacob's brother, who built an addition onto it for his widowed mother. "How do you decide which of the children or grandchildren is responsible for their parents' care?" I asked. "I don't know if anybody really decides," said Jacob thoughtfully. "I took care of her for a while. Then my brother bought the house; so he was responsible."

The Amish believe the elderly, when in decline, should remain among kin if at all possible, to reap the satisfaction due them for a lifetime of service, as well as to continue contributing to their families in ways they can, such as overseeing children. This experience implants in Amish children an acceptance of the path of aging and dying.

In an era of astronomical medical costs, dealing with extended illness without Social Security benefits can be a test of faith. The largest doctor bills require help from more than the usual hundred church districts, Jacob told me. Fund-raising campaigns—such as quilt sales, which can draw in contributions from the non-Amish—are sometimes organized. *The Budget*, a weekly newspaper published in Sugarcreek, Ohio, and read in Plain communities across the nation, regularly advertises showers and benefit auctions for hardship cases.

With a circulation of 20,000, *The Budget* is an important link in an Amish-Mennonite network of self-help, education, and mutual aid. Most Mennonite groups share with the Amish a disdain for public assistance. Unlike the Amish, however, they actively engage in mission and charity projects beyond Plain circles. Page after page of *The Budget* lists first-person updates by Mennonites stationed in these projects, ranging from disaster recovery efforts in the U.S. to anti-poverty missions in South America and Romania. Amish readers thus garner information on affairs around the world. "Scribes," as contributors are called, may simply wish to update their cousins on church news, births, deaths—every imaginable event. In the "Information Please" column, readers ask about things like locating lost poems or acquiring replacement parts for kerosene lamps. Tips are shared on topics ranging from food processing to home remedies to planting by the moon.

The Amish insistence on drawing from their own resources rather than outside institutions has been questioned in recent years by the media. In one instance, described as "the first documented murder by a person born and bred Amish," a Pennsylvania father hacked his wife to death. The man, known to be mentally ill, was being cared for at home by his family.

In the Lancaster, Pennsylvania area, an Amish family and state officials clashed in 1995 over treatment of a child with leukemia. The five-year-old girl was seized from her father's arms by state troopers and child-protective case workers and placed in foster care so doctors could carry out chemotherapy against the parents' wishes. The parents regarded chemotherapy as more threatening than the disease, and they had chosen a less invasive treatment from a Canadian doctor. The outcome was that the child was brutally traumatized by the state's intervention and died, chemotherapy notwithstanding.

The Amish do not shun modern medicine as a whole. They often use chemotherapy, organ transplants, and life-support intervention when these do not simply prolong a vegetative or terminal condition. Many Amish donate blood to the Red Cross. In *The Amish and the State*, contributor Gertrude Huntington writes that most court cases involving Amish health care result from differing opinions about the best care for a sick child. The Amish believe parents and the church bear the first responsibility for child-rearing, and in a number of instances they have stood on these beliefs when challenged. "Neither state officials nor medical personnel take kindly to this apparent challenge to professional authority," Huntington notes.

A recent ABC News "20/20" report, "The Secret Life of the Amish," drew on the tales of disgruntled former members to sensationalize the "strict" and "isolated" aspect of Amish life. It claimed the "mysterious world" of the Amish hides untold stories of rigid control and abuse. Anchorwoman Deborah Roberts worried that Amish victims often did not have access to the "safety" of public social services.

Better-informed researchers report that while the Amish creed of independence, self-discipline, non-violence, and nurture is not foolproof, the Amish are remarkably little affected by our larger society's most serious social ills. That drug abuse, domestic violence, teen pregnancy, divorce, and juvenile crime scarcely exist in Amish circles speaks well for the quality of life enjoyed by Amish youth. When Amish teenagers do act out, it's usually through rowdy socializing, going to movies, playing music, or similar forbidden activities. At worst, this leads to drinking and petty vandalism—or leaving the faith.

The Amish respect the larger society's "powers that be" in functions such as controlling crime, but they refrain from litigation and political activities. When state powers intrude in ways their faith forbids, the Amish throughout their history in America have taken the position their forefathers did in Europe: Accept the consequences rather than yield. "We are taught to mind our own business and obey the government, but when the chips are down and the government interferes with our way of life, we can balk like a stubborn mule," notes one Amishman.

A study of Amish history in the U.S. bears out the saying that freedom is never free. Individuals, from deacons to the lowliest housewife, have been tested in church-state confrontations on issues such as military conscription, Social Security taxation, and public education. The willingness of many individuals to face punishment rather than surrender their beliefs has helped secure for their people an enviable degree of autonomy. In the mid-1900s, a number of Amish parents went to jail rather than send their teenagers to public high schools. A decades-long trouble spot between the Amish and education officials was finally resolved in 1973 after an outsider took their cause all the way to the Supreme Court. In *Wisconsin* v. *Yoder*, the Amish won the right to educate their children largely according to church tradition rather than state mandates.

Jacob and Mary Ann have been asked by many people whether they pay taxes. "We pay all our taxes except Social Security taxes," Jacob said, explaining that the Amish cannot conscientiously participate in a worldly insurance system like Social

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Amish society simply turns its back on every welfare program in the book, yet provides for its needy in a manner enviable anywhere.

Security. If they receive income tax refunds after filing, Jacob said, they rip up the check and throw it away. He and Mary Ann have refused hundreds, maybe thousands, of dollars because, in Jacob's words, "We don't want government handouts."

The Amish pay taxes for public education like anyone else, and then pay again to school their own children. In Pennsylvania, parents who do not use the public school system are now given a refund toward an approved choice for their children's education. Jacob told me the Amish refused any efforts by the government to help their schools fearing they'd give officials reason to tell them how to run them.

Last year an Amish sawmill in Centerville, Pennsylvania, was raided by U.S. Labor Department officials and heavily fined for employing youths under 18. The owner, Bill Burkholder, was also the employer of Manass Troyer at the time he fell ill from cancer. When I visited the Burkholder home in early August, Bill and his wife, Mary, spoke of keeping tender company with Manass during his final days.

Bill wore all the appearance of the Amish working class—the highest class to which an Amishman aspires. His hair was plastered to his brow with sweat, and his homespun shirt and denim pants bore evidence of a day of hands-on labor. Beneath this humble appearance, however, I sensed a man of extraordinary intelligence and business acumen. He has twice built a prosperous lumber operation up from bare soil.

Three years ago the Burkholder family business, which includes two of his sons, lost everything to fire. The fire broke out on a Sunday afternoon. By Wednesday Bill had re-commenced sawing lumber with the help of his community, beginning with the boards they needed to construct a new mill. The sawmill grew to employ as many as 40 people, and the Labor Department's crackdown on Bill's young Amish workers struck Amish consciousness across the nation. If the state can remove the young from what the Amish view as constructive, educational job experience, how can they hold together their culture?

In January of this year, the Labor Department sent a representative to meet with Bill and a couple of other Amish businessmen about labor regulations. Arriving at the sawmill, the official was instead greeted by a throng of Amishmen, 500 strong, who had come to listen and express concern about the state's encroachment upon their way of life. Such displays of fervent albeit non-violent solidarity often induce public officials to think twice before overstepping their bounds with the Amish. In the Burkholder case, the outcome is not yet known. Bill has appealed the fines, and Amish leaders nationwide are negotiating with lawmakers for tolerance.

In talking about the Amish practice of pulling together in crisis, Bill explained that every couple of years each Amish household evaluates all its belongings, from clothes to china cabinets to horses and buggies. The value of these possessions, combined with the assessed value of their property, creates a monetary figure from which one to three dollars per hundred is "taxed" whenever a fire occurs. Bill said the same figure is also used in calculating a fire's property damage. Assessors from a number of neighboring church districts converge upon the scene quickly to view the damage and speak to the owner. A collection for relief is then launched, based on the figure arrived at by these assessors.

Though church positions such as deacon and preacher are entirely unpaid, Amish schoolteachers receive wages. Mary Burkholder, who had five years' experience as a school teacher, told me teachers' wages range from $20 to $30 a day, plus reimbursement if it's necessary to hire a driver to get to school. Each family with children in the school pays an equal percentage of the teacher's pay, whether the family has eight children in school or one. School materials, wood for its stove, and the cost of the building whenever a new one is needed come from a general school fund for which the whole district is responsible.

An Amish-elected school board oversees the school's needs in everything from finances to teacher-parent tensions. By law, the Amish must adhere to certain rules, such as keeping attendance records and fulfilling the same number of days in school as other students. Otherwise, the state has little control over their education system. The *Wisconsin* v. *Yoder* ruling grants them the right to graduate their children from textbook to hands-on occupational education when they complete eighth grade.

The Amish peoples' struggle to retain parental and church prerogatives in educating their children is a continual one. They are keenly aware, however, that no guarantees protect a minority group like theirs, which lacks political muscle. Societal attitudes or political tides can at any moment swing a public official's pen against what they hold dear. It is here that their courage stands out—and their faith in themselves, in the goodness of God, and in the ability of human beings to resolve problems among themselves rather than depending on distant legal channels.

And it is here, perhaps, that the dominant American culture seems farthest from the Amish ideal. The very concept of a coercive universal tax for public welfare is built on the premise that each of us cannot be trusted to care about our neighbor's needs. We have not realized how much this idea rends the thread of human-to-human reciprocation that weaves a community's fabric. Indeed, we have yet to see the full outcome of the modern experiment of controlling deeds of charity from a pedestal of power rather than arousing each individual's sense of duty.

The Amish do not claim to offer a blueprint for the welfare of our nation. They do, however, offer us a refreshing vision of what can be accomplished by the voluntary pooling of human resources. Their example challenges the idea of central planning and control as the answer to society's ills. In observing them in their home, I could not help but see a link between independence from state controls and free-flowing human goodwill.

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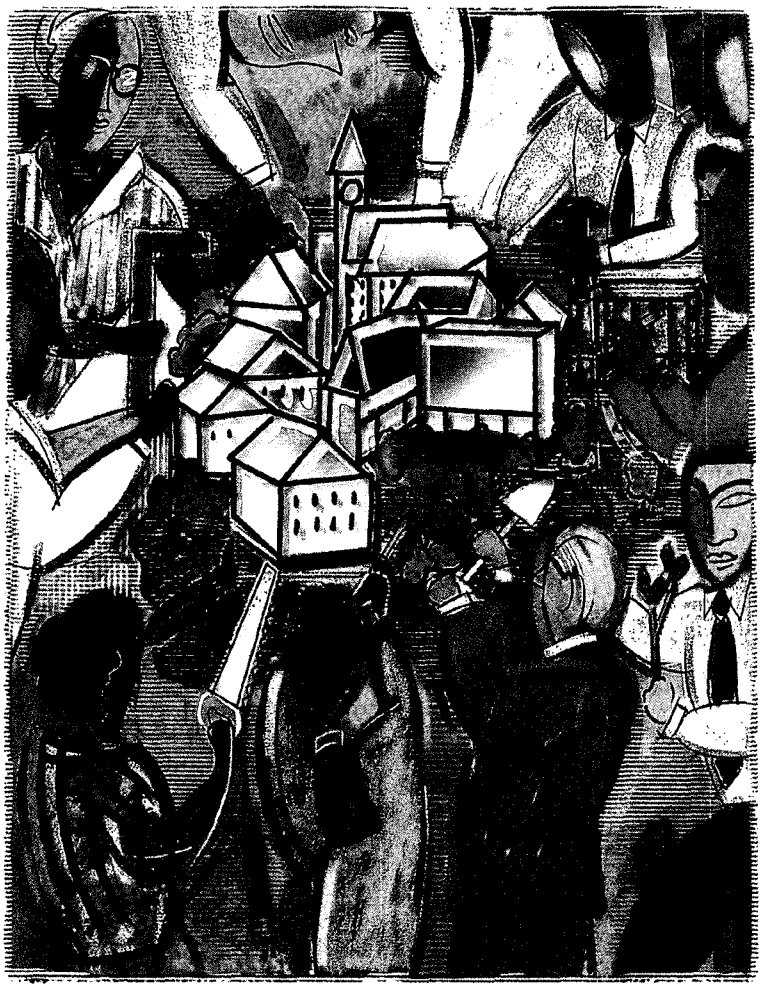

SMALL TOWNS, BIG GOVERNMENT

Local bureaucracies can be tyrannical too

By Richard Manning

"Please don't use my name," pleads the Takoma Park, Maryland resident. He's been under the thumb of his city government since 1990 and doesn't want them to apply any more pressure.

His apartment is a few minutes from Washington, D.C., and only a few steps away from Washington-style regulatory overkill. Locals deride Takoma Park's housing department as the "paint chip police"—because they're known for enforcing every clause of the city's voluminous housing code, no matter how microscopic. This is where our anonymous Takoma Park resident comes in. For nearly 13 years he has been subjected to an annual apartment inspection by the housing department. Under the guise of "tenant's rights," city officials invade the privacy of his one-bedroom flat and demand repairs every year.

In 1990, the inspections took a turn for the worse. "Clean your apartment or else," the gruff inspector said. "This place is a fire hazard," he said, pointing to a pile of loose papers and books. (The resident doesn't smoke, has no fireplace, and the building has no history of fires.) "And clean this tub!" the inspector demanded. And if the apartment wasn't made tidy enough for the city? The resident faced fines, citations, and even court orders. In subsequent years the same inspector ordered the resident to clean his stove and stack his books more neatly. These humiliating yearly inspections have continued for seven years.

Nothing is too small for Takoma Park's government to regulate. The city requires a permit to chop down a tree, repair a kitchen, or build a deck. Next on the city's agenda: banning motorized lawn mowers. Nor is Takoma Park an isolated case of local government gone haywire. Many small cities across America now carry big regulatory sticks—and use them in arbitrary ways. Greenwood, a bedroom community outside of Denver, just outlawed backyard swing sets, slides, and other playground equipment—because, the city said, they pose a threat to neighbors' privacy. Nothing is too personal or minor for some local governments to exert control over.

In his recent book *Lost Rights*, James Bovard calls the spreading powers of small governments "a proliferation of petty dictatorships." It's easy to see what Bovard means. A Columbus, Ohio resident lost his profitable parking lot when the city's urban development agency condemned it to build...a city-owned parking garage. San Francisco Police Chief Richard Hongisto ordered city police to confiscate thousands of copies of the free newspaper *San Francisco Bay Times* in May 1992 because it ran a cover story criticizing him. (Hongisto was later fired.) Until recently, homeowners in Maywood, Virginia, were required to submit ten copies of a lengthy application to win the right to install air conditioning in their homes. Why the excessive paperwork? County officials decided the non-descript neighborhood was "historic." Alhambra, California, requires that at least half of every front yard must consist of live vegetation. During a recent drought, many homeowners were "caught in the crossfire of government regulations: water authorities prohibited them from watering their front yards, and zoning authorities fined them if their grass died," writes Bovard.

The Republican-led Congress has begun to turn over selected federal powers to state and local governments because smaller governments are closer to the people and will run programs better. There is surely truth to this. But while it is tempting to think of state and local governments as nimble Davids to the federal Goliath, if you look closer you will see that there are really two

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Goliaths. Below the federal level the U.S. now has more than 82,000 individual units of government. State and local governments have more than 500,000 elected officials and more than 13 million employees—compared to fewer than 600 elected officials at the federal level and slightly more than 2 million non-military federal employees. In other words, local government is more than six times as populous as the national government. Not so nimble.

And local and state bureaucrats function much as their federal counterparts do. Why? For one thing, many federal workers retire in their 40s and 50s and take posts in local government, bringing the federal bureaucratic culture with them. Also, most state and local agencies are explicitly modeled on federal agencies performing similar tasks and are often supervised by those same agencies. In addition, many state and local departments are partly funded by federal grants that impose an unfathomable array of detailed rules.

Even if the federal government were to disappear tomorrow, state and local bureaucracies would lumber on. Most states allow local authorities to be sued by interest groups, who often initiate lawsuits to force policy changes. Since the press rarely covers local government with the zeal it reserves for big business or Washington politics, state and local bureaucrats are less likely to be held to account for overstepping their authority. Even their bosses usually lack the legal right to fire them. And government workers' unions are even bigger impediments to reform on the local level than they are in Washington, D.C., because their resources allow them to dominate the smaller stages.

For all these reasons state and local governments have lost many of their discretionary powers and much of their judgment. That's why we see cases like the midwestern school district that suspended a fifth-grader because she brought a bottle of aspirin to school to treat a persistent headache.

Local governments can also fall prey to manipulation by cliques. Bankrolled by Jane Fonda and led by Tom Hayden, something called the Campaign for Economic Democracy (CED) entrenched candidates in political offices and on planning and zoning boards in several California towns, including Berkeley, Davis, and Santa Monica, during the 1980s. These localities then imposed strict rent controls, harsh anti-development rules, and punishing land-use regulations. CED's aim of using "the political power of city government...to control and reallocate wealth at the local level" was succeeding as a local counterrevolution to Ronald Reagan's "new federalism." When Davis voters threatened to unseat the CED-dominated city council, councilors passed a law limiting campaign contributions to $35 per person. It took more than a decade to break the group's stranglehold on local government.

Alexis de Tocqueville observed in *Democracy in America* that "when tyranny is established in the bosom of a small state, it is more galling than elsewhere, because, acting in a narrower circle, everything in that circle is affected by it." He warned of an "exasperating interference in a multitude of minute details," that "meddles with the arrangements of private life. Tastes as well as actions are regulated." As in so many things, Tocqueville's observation is uncannily on target. All across our country, local governments are now regulating every aspect of the American Dream: homes, businesses, even basic civil rights. Tastes as well as actions are now very much fair game.

Your home is your castle only until the local zoning board has a better idea. Most city zoning rules are so convoluted, complex, and changeable that zoning and planning boards can essentially do whatever they wish to homeowners. Those who fail to bow and scrape to these authorities often suffer.

No use of private property is too minor to be overlooked by zoning boards. Laguna Beach, California, recently forbade a family from moving into their new home until they agreed to paint the house a different shade of white. Laguna Beach also took a woman to court for having a picket fence that was six inches higher than the city's four-foot limit. Though as many as 40 houses in the neighborhood violated that limit, the zoning board cited a rule that new fences had to be shorter than existing ones.

Even after a property owner obtains the necessary permits, he can still suffer the wrath of property control boards. New York City approved the construction of a 31-story building in 1985, but changed their minds after the building was finished. The developer was ordered to demolish the top 12 stories. Seal Beach, California, ordered a homeowner to demolish a small six-foot dome he had built to teach his kids about astronomy. The zoning board had explicitly approved the dome less than three years earlier. Appealing to a local higher power rarely does any good. When a Huntington Beach, California homeowner was ordered to destroy the top floor of his home that the city had approved after several years of study, he appealed to the city council. In order to waive the zoning rules, the building code requires a "special circumstance." "The fact that the home is already built does not constitute such a circumstance," the council ruled.

As a record number of Americans start home businesses, local governments are trying to stop them. Many areas still have bans on home offices, no matter how unobtrusive the business. Highland Park, New Jersey, a township that forbids home offices, recently fined a rabbi for having a photocopier, a filing cabinet, and a typewriter in his home. Glencoe, Illinois, recently forced a financial planner to close his home office. Nearby, Chicago ordered a husband-and-wife writing team to stop working from home. Los Angeles only recently lifted its total ban on home offices, a law which, though only selectively enforced, officially barred the world's largest collection of screen writers from scribbling at the kitchen table.

Most towns and cities strictly regulate, rather than bar, home businesses. Many follow the Plano, Texas model, which allows only one-fifth of a house's floorspace to be used for business purposes. This rule often amounts to a ban for the young and the poor, who are most likely to start home businesses and to own smaller homes.

Home businesses aren't the only kind that local governments try to stop. An array of rules in most major cities confers monopolies on existing businesses in a broad spectrum of occupations—from shoe shining to hair styling to taxi liveries and cable TV systems. The Institute for Justice, a Washington, D.C.-based non-profit law firm that sues to overturn such regulations, recently studied local business barriers in seven major cities and found some truly bizarre rules. Detroit forbids food from being sold from any vehicle that is used for any other purpose, thereby preventing home-based bakers from selling pas-

Richard Miniter writes often for The American Enterprise.

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tries out of the back of the family van. In Boston, a street peddler must move 200 yards after each sale or be seized by the police. Charlotte, North Carolina, bans business signs that swing, flutter, or sit on roofs. Signs that aren't forbidden must comply with 41 pages of closely printed regulations. One casualty of the new sign ordinance: the Westover Hills Presbyterian Church, whose basic wooden sign has swung for more than 20 years. "I think it is ridiculous, myself," says the Reverend Robert Hough, "it is overstepping regulation."

Cities often use building permit requirements to force pet projects on private businesses. Atlantic City passed an ordinance requiring developers to devote one percent of their total construction budget to the funding of public art works if their project cost more than $500,000. In Pasadena, California, anyone who paints the trim on a historic building (defined as any structure over 50 years old) without the permission of the Cultural Heritage Commission faces fines, jail terms, and a five-year ban on obtaining building permits.

These sorts of intrusions were supposed to end after a 1987 U.S. Supreme Court case, *Nollan* v. *California Coastal Council*, which ruled governments do not have the right to attach frivolous requirements to a building permit. James Nollan sought permission to add two extra bedrooms to his beachfront house. The Coastal Commission finally agreed—provided Nollan surrendered the right to expel noisy people from the beach in front of his home. "Had we been treated the least bit reasonably, maybe we would not be here today," Nollan told a reporter after he won the landmark court case. Still, *Nollan*-like abuses continue. Herndon, Virginia, requires all developers to post a bond that will be forfeited if any of the trees they plant die within two years.

Even asking for a job—or looking like you want one—can get you in trouble in the southern California city of Costa Mesa. The city has spent more than $80,000 trying to enforce a local ordinance against soliciting for day work. Ninety-six men lingering in certain areas have been arrested in the ordinance's first year. "If declaring that certain phrases, like 'Need some work?' or 'How about a job?' are grounds for imprisonment isn't an unconstitutional infringement on free speech, it is difficult to imagine what is," editorialized the *Orange County Register*.

"Free speech for me, not for thee" seems to be the motto of other local governments as well. Mary Lynn Rasmussen, who runs the successful Okie Girl Restaurant, got in trouble with the California Department of Transportation (known as "Caltrans") when she tried to advertise the eatery near a freeway off-ramp. Caltrans denied her permission to put a sign on public property like other restaurants, because the term "Okie" was "offensive speech" and a "slanderous slur" on Oklahomans. An Oklahoma native, Rasmussen pleaded with Caltrans, and after the ban was in effect Caltrans received a letter from then-Oklahoma Governor David Walters saying that "Okie" was no more offensive than "Californian." Finally Caltrans agreed the term was acceptable, but still refused to post the sign. Why? They didn't like the logo, which featured a buxom country girl wearing a straw hat and overalls. Rasmussen eventually won in court.

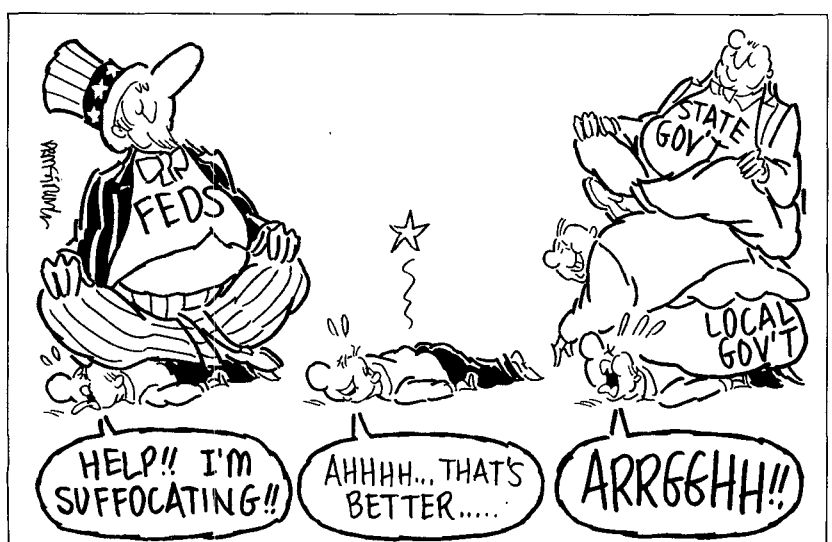
David Mann, when he was a Cincinnati city council member, was offended by something different: news racks. "We are being overwhelmed by ugly boxes. Ugly blue. Ugly green. Ugly red," he said. Mann decided to ban them. When the city attorney informed him that banning the city's 2,000 newspaper boxes would violate the First Amendment, Mann narrowed his aim to the 62 newsracks that offered real estate guides, adult education catalogues, and other commercial material. Mann gloated when his bill became law. "I love it," he said. "The boxes were garish." Newsrack owners took the city to court—and lost. Mann was rewarded for his public-spirited efforts by being elected to Congress.

In short, state and local governments aren't necessarily any better at respecting individual rights than the federal government, a fact that has implications for efforts by Washington conservatives to "devolve" governmental powers to the states.

The stated conservative goal is to return to the original American idea of federalism. But federalism is not the same thing as the current Washington fad of "devolution," which often means simply handing control of federal programs to states and localities. Federalism has been described by Felix Morley as "the distinctly American contribution to political art." Properly speaking, it means there should be a dynamic tension, a competition for public support, between different branches and levels of government. Our founders believed that establishing this competition would make it hard for any one part of government to diminish the people's rights. The idea that the different branches would cooperate, or that Washington would dictate to the states the minutiae of local policy, was unthinkable in 1789. Sadly, the reverse seems unthinkable to many people today.

"Many conservatives have lost sight of the original principles of federalism," writes Clint Bolick, author of *Grassroots Tyranny: The Limits of Federalism*. They have come to favor "states rights as an end in itself, rather than as a means to the greater end of protecting individual liberty," he warns.

What's the alternative to handing power to the states? Giving it back to the people. The original aim of self-government was to let individuals govern themselves, especially in their homes, small businesses, and private affairs. Will we return to the intentions of our founders? Not any time soon. In Newt Gingrich's Washington the *Federalist Papers* are assigned reading, but not a guiding force.



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Jerry Yang

Yahoo! Inc., Santa Clara, CA.
28. Married.

Born in Taiwan. Irritatingly precocious child according to mother. Emigrated to San Jose at age 10. Completed BS and MA in engineering in just 4 years.

"I was quasi-retired at 23, banging a lot of golf balls."

Met Web afficionado, David Filo, in PhD program. Hacked list of favorite sites into first on-line guide: *Yahoo!* Caught Internet wave; explosive traffic growth.

"It was exciting. Like driving off a cliff. Like Thelma and Louise."

Built site into leading search engine and content provider. Over 38 million page views daily. Aggressive marketer. Developed premier Internet brand: Cool. Irreverent. Fun.

1996 market value: $457 million.

Started reading Forbes as Stanford University freshman in 1989.

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No, We Haven't Stopped Being Angry

How Americans Continue to be Harmed by Overbearing Government

By Blake Hurst

Roger Stoles was annoyed. His ire was aimed at yokels from Missouri, and when a group of us yokels traveled to Washington recently to meet with him, he let us know exactly, and at some length, why we made him so upset. Stoles is the U.S. State Department official in charge of the U.N.'s Man in the Biosphere project (a giant environmental effort to designate special natural areas around the globe), and he felt wronged by the reluctance of Missouri landowners to embrace their prospective status as residents of a U.N.-chosen haven. Stoles left the distinct impression that he views us Missouri landowners as chewin', spittin', whittlin' paranoids who spend too much of our time spinning conspiracy theories about the U.N. and black helicopters.

I was, to put it mildly, a little upset by his assumption that we Missouri farmers are a bunch of crazies. And we were all annoyed that he couldn't seem to understand why landowners in the 1990s might be a little suspicious of government initiatives involving their property.

For the benefit of Mr. Stoles and others, let me offer from my own recent experience a little true-life story. It may help him fathom a little better those of us who seem (to Washingtonians) so cranky about the government. This is just one local example among thousands of such cases from around the country, but it offers a good illustration of why farmers and many other Americans now perk up their ears very sharply indeed any time government regulators brush up against their lives and property.

Locust Creek is a small waterway that bisects Pershing State Park, located in Linn County in northern Missouri. After the tremendous midwestern flood of 1993, a logjam formed in the creek in the middle of the state park. Growing until it is now several thousand feet in length, the jam has effectively dammed the creek. Much like a clogged basement drain, the accumulated trees have stopped normal drainage, and the backed up water has flooded thousands of acres of land, damaged internal drainage structures on nearby farms, ruined private landowners' levees, and inundated a local hunting club.

In 1995, local farmers met with Missouri's Department of Natural Resources, which administers state parklands, to ask that they clear the logjam. The law, after all, is clear: If a private landowner's failure to keep a stream open causes his upstream neighbors' fields to flood, the downstream owner is responsible for restoring drainage.

In the vain hope that an environmental agency would treat farmers with respect, or at least common sense, the affected growers tried to use simple persuasion rather than legal means to convince the DNR to restore the creek's flow. But delay after delay followed. The U.S. Corps of Engineers required hundreds of thousands of dollars worth of studies. The U.S. Fish and Wildlife Service further delayed any dredging while researching the possible effects that clearing the creek would have on endangered species. They required that a number of trees on private property near the creek be left undisturbed, because the designated timber might serve as a possible habitat for the endangered Indiana bat. The State Highway Department and the State Natural Resource Conservation Service also had their say.

More trees were piling up all the while, but finally everyone was in agreement. The clearing was slated to begin in August of 1997. After losing the use of their ground for three years, landowners could look forward to farming again.

Then David Schorr, head of the Department of Natural Resources, announced that his agency would approve clearing only 60 percent of the logjam. This capricious reversal incensed landowners, because partial clearing will still leave slow drainage and allow a full logjam to re-form. But Schorr announced that removing more than 60 percent of the blockage would cause too much environmental damage to the state park. In a blistering letter to the president of the Missouri Farm Bureau, Schorr said that the "best management practice to preserve and protect Pershing State Park and continue its ecosystem is the no-action alternative." He goes on to blame the logjam on the upstream landowners (since the debris came from upstream)—ignoring the natural disaster of the flood of 1993, and the fact that if his agency had acted responsibly and cleared the obstruction immediately, both environmental damage to the park and economic damage to the neighboring landowners would have been much less.

Mr. Schorr then revealed his alternative plan, stating quite frankly why he and his bureaucrats had allowed the inunda-

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tion of neighboring farmland to continue. The state of Missouri, he wrote, had decided to buy out the landowners bordering on Pershing State Park.

Several of the farms in question have been owned by the same families for generations, and the individuals involved are understandably quite reluctant to sell. But if their land remains under water because the logjam stays in place, they will have no alternative. The old joke about the land-greedy farmer is that he "doesn't want any more land except his neighbor's." Much the same could be said of Mr. Schorr, the state natural resources regulators, and the whole environmental community.

Economists are now urging that we more carefully add up the costs of environmental regulations and measure them against the benefits. For the folks that farm upstream of Pershing State Park, the loss in crops is easy enough to count in the "millions of dollars." But there are other costs to this episode as well, costs that are much harder to quantify. Regulator Schorr and the federal agencies acting in concert with him have changed the rules of the game, without notice, and now nobody knows what to expect. Keeping drainage open for those above you in a watershed has always been part of being a good neighbor with proper respect for the rights of other property owners. It is in everybody's best interest; and it is the law. On our farm, we have spent thousands of dollars running tile lines and dredging ditches to carry water that runs off of our neighbors' fields. Our downstream neighbors have done the same to allow our fields to drain. Mr. Schorr has ignored several centuries of law with his action—and that is an example of government power grown out of control.

When conservatives talk about the overgrown scope of the government, they tend to focus on things like the deficit, the percentage of GDP that ends up in state pockets, and the transformation of self-reliant citizens into slaves of entitlement bureaus. But the power that David Schorr has over farmers in Missouri can't be captured by the size of his budget, large as it may be. Far beyond the economic costs he can impose, he has an unenumerated power to destroy livelihoods and living patterns, to block men's free actions and their use of their own property, to use his phalanx of agency employees and powers to intimidate, harass, and frighten private citizens into submission.

Much has been written about the collapse of the budget-cutting fervor of the Republican Congress after the debacle of the government shutdown and the reelection of Bill Clinton. But the retreat on regulatory reform has become an even worse rout. With Clinton in the White House and Republicans on Capitol Hill, legislation to compensate private owners for "takings" of their property, to reform the Endangered Species Act, or to introduce common sense into wetlands regulations seems as distant as the speck of a black helicopter fleeing over a far horizon.

Whether in a battle like Locust Creek, implementation of the Rails to Trails Act, or some historic preservation measure, governments from the municipal to the federal level are increasingly forcing individual property owners to pay for public goods. That it has become so easy to override property rights is a very bad sign. Instead of cavalierly ridiculing my neighbors, perhaps officials in Washington and our state capitols should ask themselves why locals who ought to be worrying about getting the hay up and the calves weaned are so concerned instead about defending their farms and homes against government action.

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1997 Dropping the ball on **WELFARE REDUCTION**

Welfare "Cuts"?

By James L. Payne

"Welfare Cuts Will Leave Thousands Homeless," insists a recent *New York Times* headline. "Worried Welfare Recipients Bemoan Cuts in Benefits" adds the *Los Angeles Times*. The *Washington Post* claims that the 1996 welfare reform makes "deep and gratuitous cuts in all manner of federal aid to the poor." The *Wall Street Journal* agrees, reporting "deep cuts in food stamps." And the *Christian Science Monitor* reports with precision that welfare reform means "federal spending would drop an estimated $59 billion over the next seven years"—a situation it deplores in an editorial entitled, "Overdoing Welfare Cuts."

The Crown Jewel of Recent Government Downsizing is a Fake

These are not isolated comments and reports. The National Newspaper Index shows the overall pattern. Since 1989, the nation's major papers have printed 183 stories which feature the keywords *welfare* and *cuts*, but only 13 stories with the keywords *welfare* and *increases*—a 14-to-1 ratio.

Yet this picture of a fast-shrinking welfare system is simply not true: Nobody is cutting welfare today. There may be great controversy over welfare programs, with many voices raised against them, but neither the public nor lawmakers really control welfare spending. The American welfare system is a self-sustaining industry dominated by the special interests that run it and profit from it. These forces, probably the most powerful lobby the country has ever known, have ensured that welfare spending remains on a continuous upward spiral. True welfare reform will require understanding how this biased system has entrenched itself and devising a way to overcome it.

The allegations of welfare "cuts" go back at least 30 years, and they have been flatly false for just as long. The proof is in the authoritative "Green Book," the yearly compilation of welfare programs made by the staff of the House Ways and Means Committee. This volume—which, by the way, does not include all welfare programs—shows that real federal, state, and local spending on low-income programs went from $64 billion in 1968 to $345 billion in 1994, the latest year for which complete data are available. (These numbers are in constant 1994 dollars, adjusted for inflation.) Real welfare spending has gone up under *every* administration—heartless Republican and soft-touch Democrat alike. And it has risen by 56 percent, after inflation, just from 1989-94.

All right, the reader might say, perhaps welfare hasn't been cut in the past. But all that changed with the 1996 federal welfare reform. Wrong. It's true that certain categories of recipients will lose benefits under the '96 reform, but this will be more than counterbalanced by the addition of new recipients and the growth of average payments.

According to projections from the Congressional Budget Office, total spending in the programs affected by the '96 welfare reform will definitely increase from 1995-2002. Food stamps (which the *Wall Street Journal* said would

James L. Pay[illegible] recent[illegible] edited a volum[illegible] [illegible]ritings by [illegible]ctavia Hill, t[illegible] social worke[illegible] The Be[illegible]ing [illegible]al Assistan[illegible] Without [illegible]

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The '97 deal between Clinton and the Republicans in Congress not only rolls back some of the '96 welfare reforms, it also inaugurates fresh programs. As a result, we can forget about any reduction in welfare spending in the near future.

be "cut") are set to go from $26 billion to $31 billion. Spending for child nutrition is slated to rise from $8 billion to $11 billion. The SSI disability program is headed from $25 billion to $30 billion. Medicaid is expected to go from $89 billion to $165 billion, the Earned Income Credit from $15 billion to $23 billion.

Overall, spending on these various welfare programs is not on a path to "drop" by $59 billion, as the *Christian Science Monitor* claimed, but rather to *increase* by $110 billion. The *New York Times* headline shouldn't have been "Clinton Signs Bill Cutting Welfare," but "Clinton Signs Bill and Welfare Spending Keeps Growing." And all of the figures I've just cited were calculated *before* the changes made in the 1997 summer budget deal—which not only rolled back some of the '96 reforms (restoring welfare aid to immigrants, for instance, and backpedaling on efforts to hold down ballooning "disability" payments), but also inaugurated fresh welfare programs like the new $24 billion child health entitlement. As a result, we can forget about any reduction in welfare spending in the near future.

Why does the expansion of welfare programs seem so inexorable, and how has it occurred even against public wishes? First there's the problem of complexity: The welfare system is a vast multitude of programs involving hundreds of agencies intervening in the lives of tens of millions of people.

Just to count the number of welfare programs is a major undertaking. Two researchers from the Heritage Foundation tried for the year 1993. Robert Rector and William Lauber came up with 80 major government programs: Medicaid; disability; housing subsidies; job training; numerous feeding and nutrition programs including Food Stamps, WIC, school lunches and breakfasts; assistance for heating bills; education programs like Head Start; assistance programs for Indians, for migrant workers, for refugees, for low-income veterans; bloc grants to low-income communities; day care; the Earned Income Credit; foster care assistance; and, oh yes, the program which most people think of as welfare: Aid to Families with Dependent Children (AFDC), which constitutes only 6 percent of welfare spending.

This listing doesn't begin to portray the system's vastness. Consider just one area, job training. The Heritage Foundation researchers counted nine different employment programs costing $5.3 billion. But the General Accounting Office, making a more thorough tabulation a year later, found 163 job training programs costing $20 billion. Even the GAO wasn't sure it had counted all of them; it reported there were "about" 163 programs. Government welfare programs are a little like petroleum deposits: the harder you look, the more you find.

Because of the multiplicity of programs, it's impossible to reduce the overall welfare burden by reducing, or even eliminating, a few individual programs. Even if the 1996 welfare reform had reduced food stamps or SSI (which it did not), the quiet, persistent growth in scores of other programs would have more than compensated for such reductions.

Are caseloads falling in AFDC (now renamed TANF—Temporary Assistance for Needy Families)? Yes, for the moment. But has anybody noticed that the costs of the Job Corps are rising, and that the Clinton administration wants to open 51 new training centers? Or that Medicaid has decided to introduce health "guidance counselors" in public schools all over the country? Or that, in the past five years, the cost of the Head Start program has doubled? Or that spending for the Earned Income Credit has tripled? Or that child care is fast becoming a new national entitlement?

Where did this vast array of programs come from? The ordinary process of democratic politics where simple citizens petition lawmakers for redress has had little to do with the growth of our welfare octopus. Instead, the modern welfare system has been planted and nurtured by insiders. Welfare today is an enormous industry, much larger than the defense establishment, or the tobacco industry, or chemical companies. It supports over 700,000 social workers, 420 schools of social work, thousands of special interest groups, non-profit organizations, and commercial firms, and some 43 million beneficiaries.

Day in and day out, welfare leaders work to expand their industry. They invent new programs and redefine old ones, increasing benefits and expanding the number of recipients. They spend billions of dollars on self-serving propaganda and biased studies justifying their industry. They spend millions on "outreach," advertising to recruit new beneficiaries to the programs. A Social Security official I interviewed gave a candid description of the institutional pressures in the SSI disability program:

> In the field—I was a supervisor out there for years and years—your staffing, your budget for supplies, and your awards money for the employees were based on the number of claims you took. So we would sit around and figure out how we could get more people on the SSI rolls, because it would benefit us. The more applications we took, the more work units, the bigger the staff: we could build up an empire.

With the welfare industry outspending its critics at something like a 10,000-to-1 ratio day in and day out, attempts to rein in spending clearly face long odds.

One arena of unequal struggle is the courts. Following the modern judicial doctrine or "we know best," judges now supervise welfare programs and rewrite their requirements at will. This usurpation of democratic power has almost always tilted the battle toward advocates of more spending. Typically, the process goes like this: A special interest group—often funded by the federal government's own Legal Services Corporation—will launch a class action suit claiming that some category of persons has been wrongly denied benefits. If the

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court says yes, the policies established by the enacting legislature are overruled, and the welfare program expands to include new rights for new beneficiaries. Since no one ever brings a class action suit arguing a recipient has been wrongly *given* benefits, the courts are never in a position to decide a case that would result in lower welfare spending. For the welfare lobby, it's a game of heads we win, tails we flip again. With thousands of welfare suits in the pipeline, it's a highly profitable undertaking.

A typical example is the 1990 Supreme Court decision *Sullivan* v. *Zebley*. This case vastly expanded SSI disability payments to children, leading to the addition of nearly 500,000 beneficiaries to the rolls, at an annual cost of $2.6 billion, with no democratic debate or legislative involvement whatever. Arguing for the expansion were five lawyers from two legal aid groups (both federally funded), backed by 48 other entities submitting six supporting briefs. The supporting groups included pediatricians and psychiatrists who earn tax-paid fees for making evaluations and testifying in disability hearings, and organizations of parents who wanted taxpayers to shoulder the cost of dealing with their children's problems. Also urging expansion was a group called the National Organization of Social Security Claimants' Representatives—made up of lawyers who earn their living by obtaining disability benefits for clients.

When food stamps were originally proposed in 1963, it was said the fully mature program would involve four million beneficiaries. Yet by the early 1980s it had grown to 21 million. Caseloads climbed to 27 million in 1995.

Arguing on the opposing side that an expansion of SSI would be unfair and harmful was, really, no one. The suit was handled by inept Justice Department lawyers who based their case on empty legalisms and ignored all the practical, moral, and fiscal arguments. Any reasonable person who heard the case would rule for the expansion of SSI.

Because courts expand welfare programs almost daily, if legislators wanted to block these expansions they would have to pass new laws almost as frequently just to keep welfare programs within their original bounds. Of course legislators don't do this. Only about once every 15 years or so does accumulated concern over out-of-control welfare programs lead to some partial house-cleaning. The 1996 welfare reform was the latest such effort. One of the issues Congress took up last year was the *Zebley* expansion, partly because it had led to scandalous fraud, overpayment, and waste. The lax standards for childhood disability made "maladaptive" behavior evidence of disability, thus rewarding non-cooperation and even violence with cash payments! Even Social Security officials were dismayed by this perverse effect. One Social Security administrative law judge I talked to complained that the program was "out of control" and that cash payments for child disability ought to be abolished. "We're giving benefits to children who misbehave in school. To whole families!"

Congress didn't take his advice to abolish cash payments for childhood disability, but it did try in 1996 to remove "maladaptive" behavior as a ground for claiming cash. When that reform was passed, the Congressional Budget Office estimated it would cause 220,000 children to lose benefits, or about half of the new beneficiaries the Supreme Court had added to the program with its *Zebley* decision. But after the Social Security Administration wrote the regulations to implement the new policy, the estimate of recipients to be denied benefits shrunk to 135,000. Keep in mind that the federal disability system now supports almost 12 million beneficiaries, a number growing by over half a million a year. In short, congressional efforts to tighten up child disability payments amounted to trying to sweep a sidewalk during a blizzard.

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In addition to its successes in the executive and judicial branches, the welfare lobby usually dominates decision-making in legislatures as well. Few Americans realize that Congress passes welfare reforms nearly every year. Most involve quiet, unnoticed changes proposed by representatives of the welfare industry to expand benefits and beneficiaries. No one else notices or cares enough to make a stand against them.

Take the food stamp program. When originally proposed in 1963, Secretary of Agriculture Orville Freeman told Congress that a fully mature food stamp program would involve 4 million beneficia-

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Welfare today is an enormous industry, much larger than the defense establishment, or the tobacco industry, or chemical companies. It supports 700,000 social workers, 420 schools of social work, thousands of special interest groups, and some 43 million recipients.

ries. Yet by the early 1980s it had grown to 21 million. This shocking expansion led conservatives to take a stand. In 1981, they enacted new restrictions, and the program's caseload stabilized at around 20 million. Then the welfare lobby got to work. In 1985, 1986, 1987, 1988, and 1989 new food stamp legislation was quietly passed, undoing the earlier restrictions and opening new avenues for beneficiaries (all of these measures were signed by Republican presidents, by the way). The result: major increases in food stamp expenditures, with caseloads climbing to 27 million by 1995.

In the 1996 welfare reform, 15 years after the previous attempt to contain the food stamp program, conservatives did their Rip Van Winkle act again. They attempted to hold down increases in the program with, among other things, work requirements for certain categories of recipients. The ink was hardly dry on the act, however, before state welfare officials were obtaining administrative exemptions from the work requirement. As a result, instead of trimming 800,000 recipients (4 percent of the caseload) as the Congressional Budget Office originally calculated, the number of recipients expected to lose benefits because of the work requirement has dropped to 500,000, and it's still shrinking.

The May 1997 budget agreement between President Clinton and the Republican Congress is a typical example of the annual welfare "reform" pushed through by welfare industry insiders and recipient pressure groups. Both parties agreed to protect budget increases in programs like Head Start and the Job Corps. More money was added to welfare-to-work benefits, on top of the $4 billion increase voted in 1996. Child nutrition spending was increased on top of 1996 increases. The budget agreement also restored SSI and Medicaid benefits to immigrants, which had been cut in the 1996 reform. All in all, a depressing example of how quickly the welfare industry can reverse attempts to restrain its flow of cash.

In addition to its ubiquitous lobbying, the welfare industry has a critical tactical advantage: it seems to be on the side of the angels. When confronted with needy people, the first reaction of Americans is that they should be given things they lack: money, housing, food, job training, medical care. Only upon reflection do welfare's harmful aspects appear: the way it undermines the morale and motivation of the poor, the way it reinforces dysfunctional and anti-social behavior, and the injustice it does working low-income Americans, who are forced to support people better off than they are. But hardly anyone has much of a motive to bring these points up. When we see someone giving to a beggar, we may think he's wasting money and encouraging a destructive way of life, but we don't stop to argue about it.

The same thing happens when politicians do the giving. Many observers, even some within the welfare establishment, recognize the waste, harm, and unfairness of today's programs, but they have no financial or political incentive to express their views. This leaves the welfare lobby—and its simplistic more-spending-equals-more-compassion message—unimpeded.

How, then, can welfare spending be brought under control? This problem will never be solved by tightening up this or that program once in a while. A much grander determination to put limits on government expansion is needed.

The problem is, today's welfare industry controls the flow of about $500 billion a year in public funds, and I estimate that at least two or three percent of that—about $10-15 billion annually—is spent on pro-welfare propaganda: spokesmen, lawyers, pressure groups, academic conferences, congressional testimony, biased studies and reports, advertisements, books, pamphlets, periodicals, television appearances, letter-writing, phone calls, and so on. All of these are aimed at convincing Congress and the public that welfare programs are needed and successful. At present, even the positions of labor union activists at government welfare agencies, whose entire work is to justify expansions of the welfare bureaucracy, are tax-funded. At the Social Security Administration, for example, taxpayers are currently paying the salaries and fringe benefits of 145 full-time government-workers' union leaders.

The logical corrective for this bias would be to spend a corresponding amount of taxpayer funds informing Congress and the public about the injustices and failures of welfare programs. What the country needs, in other words, are taxpayer advocates at each welfare agency whose mission is to represent the interest taxpayers have in lower spending.

In creating welfare programs, Congress has unintentionally but unavoidably established tax-funded lobbying machines on their behalf. These lobbies seriously distort the information flow on welfare policy and make it difficult for the public and policy makers to reach rational conclusions about welfare programs. One can try to prohibit such lobbying, but as some congressmen have already discovered, that is a messy and contentious task. The simpler alternative is to create countervailing information units to contradict it. More balanced and honest debate would reveal how relentless the expansion of government payment programs has been and continues to be. At the very least, more methodical taxpayer advocacy might keep the welfare lobby from hoodwinking reporters into thinking that welfare—the most rapidly expanding sector of government—has been *cut.*

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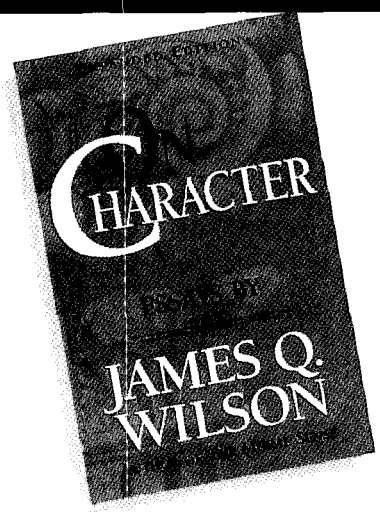

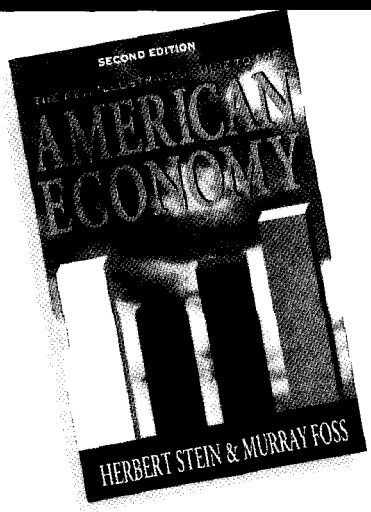

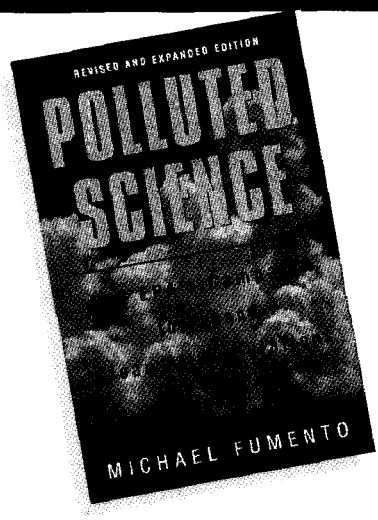

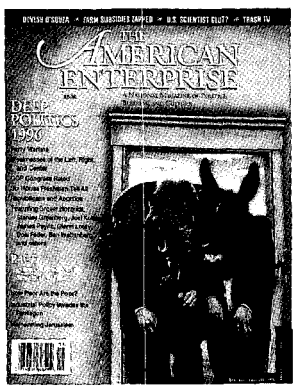

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1997

Dropping the ball on ENTITLEMENT CONTROL

Missed Opportunity

By Steve Forbes

Washington's Budget Deal Does Nothing to Fix Entitlements

This summer's much-ballyhooed balanced-budget agreement is a disaster for entitlement reform. No improvement is made in the top-down, bureaucratic, increasingly bankrupt Medicare and Social Security programs, nor is there any serious effort to unleash the dynamism that individual choice in health care and retirement could bring. In fact, the budget agreement makes our troubling entitlements situation worse.

For instance, buried in the 1,200-page budget bill is a nasty, little-known provision, Section 4507, that begins to write socialized medicine into law. Starting January 1, 1998, American doctors will effectively be prohibited from treating elderly patients on a private basis outside of the Medicare program.

The government health care bureaucracy had already been using its regulatory powers to forbid doctors who accept Medicare patients from also treating senior citizens who choose to pay out-of-pocket. Republicans originally tried to insert into the budget agreement a provision that would overturn this regulation, but President Clinton protested and the Republicans caved in.

Since over 90 percent of doctors accept Medicare patients, this law makes it nearly impossible for seniors to find a doctor who will also treat them on a private basis, outside Medicare's rules and regulations. Only doctors in the very wealthiest areas will be available to seniors hoping to engage in private health care between consenting adults. Astonishingly, even Britain, mother of socialized medicine, allows patients to contract privately with physicians. Senator Jon Kyl (R-Ariz.) is leading the charge to repeal Section 4507. He points out that the current law is the equivalent of forbidding everyone enrolled in Social Security from also investing his own money privately with stockbrokers: Such a law "would be met with disbelief and derision," yet it is no different from what the new Medicare law does.

The great opportunity in health care reform today is the Medical Savings Account (or MSA). Properly designed, MSAs would give seniors better coverage and more choice at less cost, without having to take orders from an HMO. At present, the government taxes workers to pay for Medicare patients, and then forces them all into a one-size-fits-everyone health care system. This Washington-run operation has helped medical expenses skyrocket so that Medicare patients feel compelled to purchase "Medigap" insurance policies that pay for the gap between what health care actually costs and what Medicare will pay.

By contrast, seniors with MSAs would have both low-cost, high-deductible "catastrophic" health insurance plans, as well as personal savings accounts that would cover most out-of-pocket health care expenses. They could shop for their own doctors, medicine, and health care supplies with the peace of mind that (a) they know for sure what their maximum out-of-pocket costs will be; (b) they have real catastrophic insurance that won't leave them destitute; (c) they have control over their own care and are subject neither to excessive government rules nor to impersonal HMOs; and (d) if they can keep their health expenses down, the money invested in their Medical Savings Accounts will actually grow over time and so be available to them in the future.

We use a variation of MSAs at *Forbes*. After five years, our costs are lower than they were when we started, and not one of our people is in managed care. More than 3,000 firms use MSAs today, including the United Mine Workers, because they work. Yet rather than insist upon Medical Savings Accounts for all Medicare patients, Congress allowed only a piddling MSA "experiment" limited to fewer than one percent of all Americans, while slapping additional heavy-handed regulations on the Medicare population.

Meanwhile, Social Security, the country's other major entitlement mess, continues to be thought of by official Washington as the "third rail of American politics"—touch it and you die. So the negotiators of the budget deal drew back and did nothing to improve a system that a majority of citizens know is doomed. [See editors' sidebar next page.]

Younger Americans want and deserve a new retirement system that will protect

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them from the vagaries of Washington politics. The basics of genuine reform are breathtakingly simple and eminently feasible. First, we must preserve the current system for those already in it and those entering the system in the next 12 to 15 years. People have made real-life decisions based on the current system, and our contract with them must be honored. A promise made must be a promise kept.

Second, we should start a new Social Security system for younger people, where a substantial part—and eventually all—of their payroll taxes would go into their own Individual Retirement Accounts. Obviously, a person couldn't touch the account until a certain age, but he would receive monthly statements and be free to choose what investments to make, within bounds (mutual funds, CDs, stocks, bonds, and the like). With such an arrangement, Americans would have far more savings upon retirement than they could possibly have under the current bankrupt system. [The Jan./Feb. 1997 issue of *The American Enterprise* provided an in-depth look at this subject.]

The British are successfully changing from a government-run Social insurance system to one that permits individual choice, as a new report from the Heritage Foundation reveals. More than 73 percent of British workers have chosen to invest their payroll taxes in private stocks and equities, rather than remain completely dependent on the government-run system. The strong returns they are earning on these private investments explains their choice: From 1986 to 1995, the median private pension under this system earned 13.3 percent per year. And Britain's pension savings pool now totals over $1 trillion—larger than the pension funds of all other European countries combined.

Critics say such a system of personal choice in retirement savings would be "too complicated" for average Americans. Nonsense. As the economy grows and people become more concerned about the quality of their lives upon retirement, they are investing more and more of their after-tax income in mutual funds, IRAS, and 401(k) plans. Individual stock ownership has doubled in just the past seven years. More than four in ten Americans now own equities. Mutual funds investments have tripled in the same period. Nearly half of investors are women. More than half are under the age of 50. Even more interesting, one-half of these investors are not college graduates, and the number of minority persons who are investing is on the rise. "People are intensely aware that they have to rely on themselves for their financial future," says Alfred R. Berkley, president of the NASDAQ stock market.

With such glittering opportunities for entitlement reform abounding, the current lack of leadership in Washington seems all the more disappointing. Thus far, Congress has adopted a bunker mentality while Bill Clinton does little more than defend the status quo.

Americans want reform. Politicos take note: If you don't provide it, the voters will look to others who will.

Public Supports Dramatic Entitlement Reform

Stunningly strong popular support for sharp, market-oriented reforms of the two major federal entitlement programs—Medicare and Social Security—was uncovered in a recent poll commissioned by a Democratic party organization.

Do you think that Medicare will soon face a crisis requiring us to undertake serious reform, or do you think these programs are basically sound and should not be tampered with?

Soon face crisis/undertake serious reform	73
Programs are basically sound/should not be tampered with	23

Which do you think is a bigger priority protecting Medicare from budget cuts, or reforming Medicare to ensure its long-term financial stability?

Protect from cuts	17
Reform for financial stability	80

In thinking about reforming Medicare to ensure its long-term financial stability, do you think it would be better to raise premiums and cut benefits, but essentially retain Medicare as we know it, or would it be better to make larger changes in the system, such as allowing the marketplace to determine the price and level of health care provided instead of the government setting the price and scope of Medicare coverage.

Small changes	31
Larger changes	57
Don't know	12

How much confidence do you have in the long-term financial stability of the Social Security program a great deal of confidence, some confidence, not very much confidence, or no confidence at all?

Great deal of confidence	12
Some	32
Not very much	33
None	22

Do you think that Social Security will soon face a crisis requiring us to undertake serious reform, or do you think these programs are basically sound and should not be tampered with?

Soon face crisis/undertake serious reform	72
Programs are basically sound/should not be tampered with	25

Would you support or oppose...gradually ending the existing Social Security system and instead requiring Americans to save for their retirement. This would be done by shifting the Social Security payroll tax into individually controlled personal savings accounts.

Support ending the existing system	55
Oppose	38

Source: Penn, Schoen & Berland Associates poll for the Democratic Leadership Council, July/August 1997.

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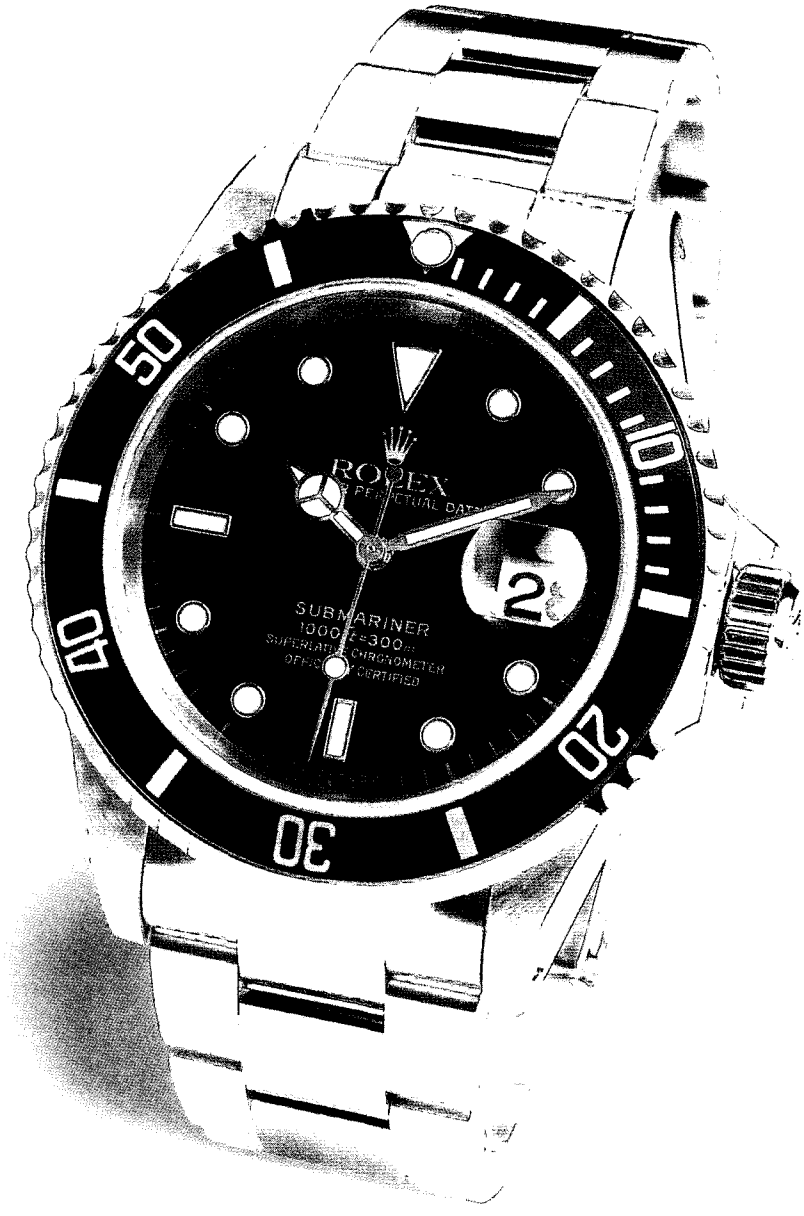

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The Tax-Cutting

A One-Percent Solution?

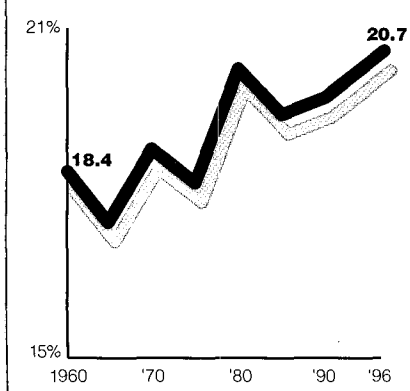
By Ralph R. Reiland

It's been 16 years since Washington enacted a tax cut. Now, amidst a chorus of rich-bashing by Democrats and much screeching by deficit hawks of both parties, Congress has finally given Americans relief—a piddling one-penny package.

That's right, one lousy cent. Out of $1.7 trillion in annual taxation, the White House-Congress agreement calls for returning $17 billion to Americans in tax cuts. That's one penny of every dollar we now send the feds. Just to return to the level of taxation we had before Bill Clinton took office would require a tax cut more than ten times as large as the one just agreed upon.

This summer, the Commerce Department announced that the federal government is now grabbing a larger portion of income from American households than ever before—a record $21 of every $100 in national income. This despite the conquest of Congress in 1994 by a new class of supposedly slash-and-burn conservative warriors, and in spite of Bill Clinton's bold claim that "The era of big government is over."

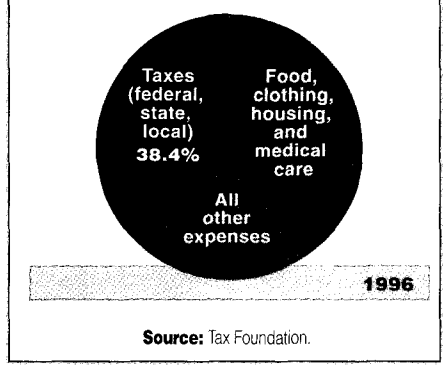
Federal Taxes as a Proportion of the National Economy



Source: U.S. Bureau of Economic Analysis.

Not all that long ago, in the 1950s, the typical American family of four paid just a small part of its income in federal taxes. Today, a family of four earning the median income drags a federal tax burden totaling 28 percent of their income. Add state and local taxes to that and it's clear why so many families now feel they have to have two incomes. The second worker is basically paying the tax man. Indeed, today's typical family is paying as much in taxes as it spends on food, clothing, housing, and medical care *combined.*

Annual Expenses of Median-income Two-earner Families



Source: Tax Foundation.

Add in the cost of federal regulations, the government-fanned costs of lawsuits and workers' compensation, and the resulting Cost of Government Day (as calculated by Americans for Tax Reform) now falls on July 3. Not until that far into the work year has the average family earned enough to pay for all the costs associated with government. The total price? $3.5 trillion, or $13,500 per year for every man, woman, and child—up $140 billion from last year.

Rolling back this kudzu-like expansion of government will require assaults on several fronts: methodical spending restraints, tax cuts a lot bigger than this year's measly $17 billion, some serious regulatory reform, and a reversal of government encouragements to lawsuit abuse.

Unfortunately, there's little promising news on any of these fronts. In the federal courts, for instance, Miller Brewing Company recently got caught between being sued for not firing an executive for alleged sexual harassment (because of banter around the coffee machine about the previous night's episode of "Seinfeld") and being sued for wrongful discharge if they did axe the offender. The result: a $26 million wrongful discharge award to the ex-executive.

Meanwhile, back in Washington, bureaucrats from the Environmental Protection Agency are pushing hyperstrict new air-pollution regulations with no concern for the economic expense. The EPA claims that complying will cost anywhere from $600 million to $2.5 billion. But President Clinton's own Council of Economic Advisors puts the number at $60 billion—or 24 times the EPA's highest estimate. And at George Mason University, the Center for the Study of Public Choice estimates costs could run as high as $328 billion—or nearly $1,300 added burden for every American. If the EPA has its way, this expense will show up in family budgets as higher prices for electricity, cars, appliances, and other products.

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Follies of 1997

One way out of our high tax/big government quandary is to simplify government by removing costly layers of bureaucracy and red tape. With the federal income tax, for example, a flat tax would save a sizable chunk of the $190 billion we're paying each year to lawyers and accountants who help us navigate the labyrinth of the tax code.

The flat-tax plan being floated by Steve Forbes and others proposes a 17 percent tax rate after first exempting $13,000 of income for each adult and $5,000 for each child. That means a family of four with a $36,000 income would owe nothing. The tax is progressive (that is, it collects more as income rises, as liberals demand), but with rates far less confiscatory than today's. If the income of that $36,000 household increases to $60,000, they'll owe $4,080. At $100,000, their tax rises to $10,880. Yet there would be no million-word tax code, no loopholes, and a lot fewer D.C. hotels overflowing with lobbyists.

By 47 to 38 percent, Americans continue to say that government policies "hinder rather than help" them in trying "to achieve the American dream," according to a 1997 Hart-Teeter poll. Americans want to be unshackled. That means fewer government obstacles to enterprise, fewer bureaucrats who oppress the people who pay their salaries, a common sense conviction that we can't correct every social imperfection and workplace flaw by passing more laws and imposing more fines, and a government that doesn't touch every aspect of our lives. An important part of achieving all this will be a tax cut much larger than 1 percent.

Ralph R. Reiland is an associate professor of economics at Robert Morris College in Pittsburgh.

Republicans Punk Out

By Dan Mitchell

The good news, according to GOP spin doctors, is that taxes have been reduced for the first time in 16 years. The bad news is *how* it happened. To the joy of tax accountants everywhere, the new tax bill adds complexity to the code and creates new loopholes for special interests. There are one or two good provisions in the law, but even these are offset by phase-outs, holding periods, income limits, and other restrictions imposed to satisfy the class-warfare crowd. To paraphrase Winston Churchill, "Never has so much complexity been added to the tax code in exchange for such a tiny tax cut."

Republican leaders privately acknowledge these flaws, but insist that voters will reward them. Yet public opinion polls show that when it comes to taxes, voters now have as much faith in Democrats as in Republicans—a stunning reversal on a major issue that has always hugely favored the GOP. All this for a convoluted bill that provides a tax cut less than one-twelfth the size of the one Ronald Reagan pushed past a Democratic Congress back in 1981. With victories like this, who needs defeats?

Unfortunately, Republicans have promised–perhaps threatened is a better word–to push through a tax bill every year. If the GOP fails to learn the right lessons from this year's mistakes, annual tax bills could lead to orgies of social engineering that require an ever bigger and more intrusive Internal Revenue Service.

What is particularly frustrating is that Republican leaders in the House and Senate have sponsored dramatic tax reform in the past. Indeed, both Speaker Gingrich and Majority Leader Lott have explicitly said that scrapping the current tax code and replacing it with a simple and fair single-rate tax is a major part of the GOP agenda.

...and how to fare better next year

Why, then, have Republicans just enacted legislation that moves the country in the opposite direction? Cynics charge that Republicans have "sold out," abandoning fundamental reform and instead choosing to manipulate the tax code to raise campaign funds and reward key constituencies.

While the GOP deserves criticism for many things, this charge is unfair. At bottom, Republicans are scared. With memories of the government-shutdown debacle and the disaster-relief fiasco burned into their collective memory, the party is reluctant to push legislation that will give Bill Clinton an opportunity to use class-warfare demagoguery against them. Besides, why bother trying to fix the tax code when you lack the votes to overcome a certain presidential veto? Not only would the reformers' efforts fail, but lobbyists seeking to protect loopholes would put them on their attack lists as well.

All of which explains the Republicans' frustration. If they try to do the right thing, the White House and a hostile press will savage them. If they devise

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policies acceptable to the President, they will repeat this year's mistakes and make the tax code even more twisted. Another option exists—doing nothing—but this would further discourage the GOP base and cede the playing field to whatever social engineering schemes the administration proposes next year.

None of which absolves the party from the responsibility to do the right thing. Tax reform would make America more prosperous. A single-rate tax system would also achieve important moral objectives: It would give taxpayers more freedom and privacy, and by taxing income only one time at one low rate it would also fulfill the oft-forgotten principle of having the law treat everyone equally.

Here are four principles that will allow Republicans to go back on the offensive:

1. The legislative battle can wait until 2001: Congressional leaders must build support for comprehensive change. Reagan's 1981 tax cuts might not have been possible without the hard work of Senator Bill Roth and then-Congressman Jack Kemp, who began sponsoring across-the-board tax-rate reductions in the late 1970s.

Introducing bills is only the beginning. Congressmen can hold hearings on why tax reform is desirable. They can conduct town hall meetings with constituents. They can make floor speeches. Tax reform can be a key component of a new "Contract with America." The national party apparatus can devise events to promote the issue, and pollsters can conduct polls and focus groups in order to figure out the best way to build public support.

Republicans recently have shown they are capable of winning this kind of PR battle. Senate Finance Chairman Bill Roth held hearings exposing how the current tax code leads to IRS abuses. Representatives Steve Largent and Bill Paxton are leading an effort to repeal the entire tax code. And congressman Billy Tauzin will join majority leader Dick Armey in a series of national town hall debates on which tax reform plan is best for America.

2. Put the current system on trial: The key to winning the public relations battle is to indict the current system. Taxpayers loathe the IRS and believe the current tax system is hopelessly convoluted and corrupt. They think they pay too much in taxes and grouse about the other guy's loopholes.

To paraphrase Winston Churchill: "Never has so much complexity been added to the tax code for such a tiny tax cut."

The tax code should be attacked on moral and economic grounds. The moral attack should focus on fairness and corruption. Simply put, the tax code discriminates. Taxpayers face different tax rates depending on how they earn their income, how they spend their income, and how much of it they have. Not only do voters resent the inherent unfairness all this imposes, they instinctively understand that the ability to treat taxpayers unequally gives politicians a blank check to create special-interest loopholes and engage in social engineering.

The economic attack, of course, should explain how the current tax code lowers living standards. It should ask and answer questions like: Why do high marginal tax rates inhibit productive behavior? How does double taxation of savings and investment reduce wages? How much does the tax code undermine America's competitiveness?

Last but not least, there is complexity, an issue vulnerable to both moral and economic attack. This is the trump card for tax reformers. The American people are convinced the tax code is a mess. They know the problem is getting worse. Perhaps best of all, they largely recognize that the only way to solve the problem is to rip the current tax code into tiny shreds and start all over. Supporters of tax reform simply need to reinforce these existing beliefs by highlighting key statistics and anecdotes.

Tell voters, for instance, about the *Money* magazine survey: The magazine sent out a hypothetical family's tax return to professional tax preparers. Of the 45 who responded, not one came up with the right answer and fewer than one-in-four even came within $1,000 of the correct figure. Another tidbit sure to raise blood pressure: If you call the IRS and actually talk to someone, and then use that person's advice to fill out your taxes, you are nonetheless subject to fines and penalties if you were given the wrong answer. And just to add insult to injury, when the IRS asserts that you made a mistake, normal constitutional protections go out the window: You are guilty until you prove yourself innocent.

The current tax code cannot be defended. Political leaders must publicize its shortcomings and make sure voters know whom to blame—not so much the IRS, but the tax law itself.

3. Focus on the big principles of pro-growth tax reform: Condemning the current system naturally raises the question of whether another tax system would work better. The answer, surprisingly enough, is that there are several options. The flat tax is the most well-known tax reform plan, but other possibilities include a national retail sales tax and the inflow-outflow tax (a cleaned-up, nondiscriminatory version of Sen. Domenici's USA tax). All these plans satisfy the principles of a sound tax system: Income is taxed only once, at one low rate.

Yes, there are differences, but they are largely cosmetic. The flat tax and the sales tax, for instance, have different collection points. The flat tax collects the tax on income as it is earned, and the sales tax collects the tax on income as it is spent. The flat tax and the inflow-outflow tax, by contrast, differ largely in how they eliminate the double-taxation of savings.

To some extent, the existence of more than one solution has hurt the push for tax reform. Natural allies have been attacking each other, pushing and shoving to be the number-one alternative. But

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this dark cloud has a silver lining. Yes, at some point tax reformers must unite behind one plan—preferably by 2001—but in the interim it will be politically beneficial to debate the merits of several replacement taxes. Just as forcing the Nazis to fight on more than one front hastened the end of World War II, debating several tax reform proposals should add to the pressure on the current system. Moreover, a multi-front attack on the current system makes it harder for defenders of the status quo to fight back. Unlike 1996, when the establishment (including most Republicans) ganged up on Steve Forbes, it will be harder to play that kind of game when flat-tax advocates are joined by other reformers.

For this strategy to work, reformers must agree to focus their attacks on the current system. Not only should they refrain from attacking each other, they should go out of their way to praise their future competitors, noting that all the proposed reform plans satisfy the key principle of one rate applied only one time. The model for this kind of cooperation already exists. Flat-tax advocate House Majority Leader Dick Armey and sales-tax supporter Ways & Means Chairman Bill Archer clearly have different goals, but they have put together a tax-reform pledge that commits signers to supporting some kind of single-rate system.

The beauty of this approach is that it gives less courageous lawmakers a safe middle ground. They do not have to commit to one specific tax reform plan. The Armey/Archer pledge does not even make them agree to get rid of politically sensitive itemized deductions. The pledge lets politicians have their cake and eat it too. They can embrace fundamental reform even if they're not comfortable with every detail of a specific plan.

4. Make sure incremental steps are in the right direction: While the previous principles will help promote tax reform, a nagging problem remains: How to address short-term legislative issues? The most obvious rule is that any new tax legislation must move the tax code in the right direction. Reducing or eliminating capital gains and/or death taxes, for instance, would be desirable. Both are examples of double-taxation, and none of the proposed tax-reform plans would retain them. Across-the-board reductions in marginal tax rates should also win high marks, as should any steps to eliminate the marriage penalty.

When it comes to taxes, voters now have as much faith in Democrats as in Republicans—a stunning reversal.

What Republicans should avoid, by contrast, are targeted tax cuts that create special preferences in the code. Things like charity tax credits and tax breaks based on geography would add more complexity, while simultaneously giving the government disturbing new powers to micro-manage private behavior. Not only would this create new constituencies against reform, it would also be politically useless. As this year's tax debate painfully revealed, the President is more than willing to hijack ill-conceived tax policy for his own purposes.

Do Republicans really want a repeat of this year's tax bill? This one small bill creates 285 new sections of the tax code and changes another 824, according to the Commerce Clearing House. And don't think the changes are minor. Thanks to the new law, the capital-gains tax form will go from having 23 lines, which was bad enough, to 56 lines. The Research Institute of America, meanwhile, needed 3,132 pages just to explain what was in the bill.

Special-interest tax reforms also mean bad politics. Targeting goodies to particular groups means playing on the Democrats' home field. Republicans this year fumbled away their historic advantage on the tax issue by adopting changes that were, in many cases, at odds with the principles of a simple and fair single-rate tax system. To regain the upper hand, the GOP needs to re-focus on the policies that are morally right and economically sound.

Unfortunately, proposing a short-term policy change that both makes the tax code better and is politically attractive is not easy. Many desirable incremental reforms, such as getting rid of the double-taxation of income from stock dividends, are unlikely to arouse grassroots enthusiasm. Other changes are popular—like ending the marriage penalty or cutting tax rates—but the GOP is so fixated on deficits that big tax cuts probably are off the table.

This quandary helps explain why fundamental tax reform is the way to go. If policy makers try to fix the tax code on a case-by-case basis, they'll be lucky to win one or two minor battles. But by adopting a flat tax, lawmakers would not only take care of hundreds of problems in the tax code in one fell swoop, they would also be pushing a policy capable of generating strong public support.

With either a flat tax or sales tax, Americans would have more freedom and privacy, the IRS would be defanged, and legislators would assuage taxpayer offense at the current tax law's inequalities. Most Americans believe that if someone makes ten times as much money as his neighbor, he should pay ten times as much tax—which is exactly the principle a flat tax would enshrine in law.

As they plan for next year, Republicans should remember the words of nineteenth-century economist John McCulloch: "The moment you abandon… the cardinal principle of exacting from all individuals the same proportion of their income…you are at sea without rudder or compass, and there is no amount of injustice or folly you may not commit."

Dan Mitchell is McKenna Senior Fellow in Political Economy at the Heritage Foundation.

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ARE THE YEARNING FOR GOVERNMENT LEAD THE TRUTH ABOUT IT

By James L. Payne

FOR THE PAST 15 YEARS, conservatives have tried to reduce the size of government by cutting budgets and eliminating agencies. History suggests this approach results in (a) bigger budgets and (b) discredited conservatives.

The reason why the cutting approach won't work is that government programs seem beneficial to most people at first glance. Cutting therefore seems to be a dirty deed, and those who do it come across as malefactors. It's time for conservatives to try a different approach to shrinking government: a "truth and balance" strategy which acknowledges that the public tends to favor government programs, but contends that this approval is a spurious product of illusions and propaganda. Give voters a complete account of government programs, and they will see for themselves how destructive they really are.

One source of government's false appeal is the something-for-nothing illusion. Because government is a complex, distant institution, most people view it as a God-like entity that can accomplish good at no cost—or at the expense of someone else. Thus, when asked whether government should promote the arts, or help education, or do any other nice thing, the average person will say, "yes, of course." This naive enthusiasm rests on a failure to grasp the algebraic truth that every penny government spends toward some good cause must be taken away from some other good cause—and often from the *same* good cause. Thus government extracts money from the same farmers it subsidizes and from the same artists it rewards. It even takes money away from the poor it claims to feel sorry for. Researcher Martin Buchanan found that in Portland, Oregon, the direct and indirect burden of all taxes on a single worker earning the minimum wage amounted to $3,905—nearly 40 percent of his total effective income.

A truth-and-balance strategy should counter the something-for-nothing illusion with initiatives to reveal the full costs of taxation.

1. Require that every government program publish a "Taxation Impact Statement" detailing how the burdens of taxation to raise money for it interfere with the goals of the program. Thus, a Taxation Impact Statement for Food Stamps would detail how taxation makes it harder for the poor to afford food. These statements should be compiled by a new independent agency charged with publicizing the costs of taxation. The country has hundreds of government agencies that study and advertise the ways Americans are deprived; shouldn't there be at least one that studies the harm of taking $2 trillion away from them?

ANOTHER ARENA where the something-for-nothing illusion produces distorted conclusions is regulation. At first glance, it seems that if Congress demands longer hospital stays for new mothers, or energy-saving buildings, it has made life better without hurting anyone. In fact, all regulations impose costs; they are just like taxes, except that their burden is usually hidden. Economists are now finding that this burden of regulation is a cost approaching the cost of taxation itself. The federal Office of Management and Budget recently set the cost of regulation at $300 billion; independent researchers have come up with figures two to three times as high.

In recent years, conservatives have passed legislation asking for studies of the burden of regulation, but their approach has been fatally flawed by giving this job to the President's Office of Management and Budget. This agency has a multitude of other tasks and views assessing regulation as a distraction. It is basically a pro-government agency whose mission is to defend the bureaucracy of the federal government. What's needed is a tiger:

2. Congress should create an independent agency charged solely with charting the burdens of regulation. This agency should calculate and publicize the costs to Americans of current and proposed regulations. If activists want new mothers to stay in the hospital longer, we should be told who will be forced to pay how much for this benefit.

IN PUBLIC debates, we all recognize that money buys publicity and propaganda which translates into approval. What would we say, then, about a campaign where one side spends $2 trillion a year, and the opponents spend virtually nothing? That, essentially, is the imbalance in funding on the national debate about the desirability of government programs. Government's appropriations buy the support of tens of millions of beneficiaries and employees, they fund tens of thousands of pro-government pressure groups, and they directly buy pro-government propaganda in the form of biased program evaluations, studies, testimony, and press releases.

Until this one-sided "culture of spending" is countered, the public will be unable to arrive at objective conclusions about the value of government programs. Conservatives have begun to understand this. The 1995 effort of congressmen Ernest Istook and David McIntosh to restrain government-funded pressure groups from lobbying was a step in the right direction, but it got bogged down in complexities of implementation. Congressman John Doolittle made a useful beginning last year by introducing a "truth in testimony" rule which requires witnesses at congressional hearings to reveal if they are dependent on government funding. This principle should be applied much more widely:

3. All reports prepared with public funding should contain this announcement on the title page: "This material has been prepared with tax funds and may therefore contain a bias in favor of tax-funded ac-

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tivities." If a NASA scientist wants to write about the great value of space exploration, let him be free to do so, but Congress and the public should be alerted to the fact that he may well be singing for his supper.

THE FIELD of policy evaluation has been corrupted and needs reform. The idea of evaluating government programs is healthy, but it has been absurdly implemented: The agencies buy evaluations of their own programs! Naturally, they hire sympathetic researchers and work with them step by step to make sure they come up with the desired, program-affirming, conclusions. This perverted system should be ended:

4. Congress should resolve that agencies may not fund or direct the evaluation of their own programs. Instead, independent agencies should perform all evaluations and cost-benefit analyses of government programs.

ANOTHER SOURCE of the prejudice in favor of government is a misunderstanding about its power. Most people assume that government inspires obedience by radiating some harmless, costless "community will."

In this conception, there's no harm asking it to right any number of wrongs. The sober truth, however, is that government impels obedience through the use of force, through the millions of soldiers, policemen, tax collectors, bailiffs, and jailers that make its will effective. Even government's gentlest goals are accomplished by threatening citizens with bodily harm if they don't comply.

The problem with using force to correct problems is that it leads to resentment. Human beings react negatively to being coerced to do things against their will—even beneficial things. Hence, even if government coercion fixes a problem like cigarette smoking, or not wearing seat belts, or discrimination in the workplace, it leaves a legacy of resentment each time it acts. If it uses force sparingly, government may retain general support. But if it applies its coercion in hundreds of spheres, it provokes a general tide of antagonism that will undermine all its efforts. We need to pay more attention to this corrosive effect. Therefore:

5. Every law should contain a preamble stating that "Congress realizes that the use of force implicit in this legislation is likely to cause resentment, cynicism, and hostility toward government and its officials." This would at least remind devotees of big government that the anti-government sentiments they deplore are fed by the very activist policies they embrace.

James L. Payne is author of The Culture of Spending: Why Congress Lives Beyond Our Means.

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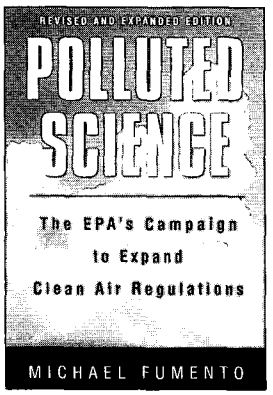

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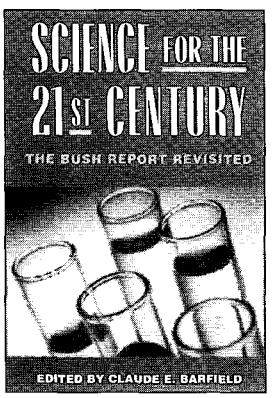

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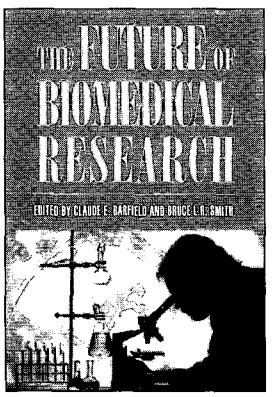

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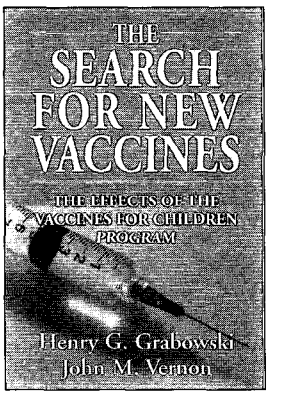

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WHO REALLY BALANCED the BUDGET?

by Stephen Moore

Until very recently, the idea of Congress spending only as much as it takes in was a hopelessly elusive dream—like visions of the Berlin Wall coming down, or Northwestern going to the Rose Bowl. But with the federal budget deficit now well below 1 percent of national output, we have achieved a *de facto* balanced budget for the first time in more than a quarter-century. If the economy continues to surge, the federal budget may even end up in surplus in 1998. [For more on that subject, see the article immediately following this one.]

Not surprisingly, Congress and the White House are falling over each other to take credit for this turn of events. Bill Clinton recently boasted that "discarding the failed supply-side economics of the 1980s" and instituting his record tax increases of 1993 were the critical steps. Newt Gingrich insists it was the "heroic commitment to a balanced budget" of the Republican Congress that made the balanced budget possible.

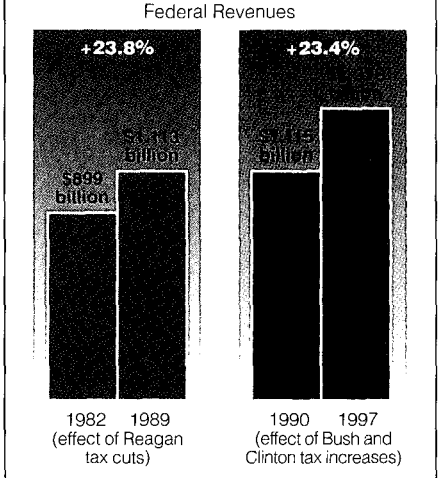
And how's this for a rewrite of history: Some media mavens have recently crowned George Bush as the real hero of the balanced budget story for "courageously" breaking his "read my lips" tax pledge back in 1990. Bush "was the man who risked the most and paid the biggest price for cutting the deficit," the *New York Times* gushed not long ago. "When George Bush was confronted with a deficit crisis, he delivered," political analyst William Schneider recently proclaimed on CNN while Bernard Shaw broke out in applause.

The surprising truth is that they are all wrong. The politician who is most responsible for our current rosy fiscal outlook is not Newt Gingrich, Bill Clinton, or George Bush. Rather it is the man regularly vilified in the press for creating trillions of dollars of debt in the first place: Ronald Reagan.

The most simple-minded and oft-repeated interpretation of budget history is that the Reagan tax cuts caused the deficits to explode, while the Bush and Clinton tax increases erased them. On the surface this is an appealing story line. After all, we had tax cuts in the early 1980s and, subsequently, large deficits. We had tax increases in the 1990s and, presto, falling deficits.

But the dogma about Reagan's tax cuts depleting federal coffers doesn't match reality. Look at Figure 1. It compares the growth of federal revenues in the seven Reagan fiscal years 1982–89 with revenue growth in the seven Bush and Clinton years 1990–97. During the first period, top marginal tax rates were being cut from 70 percent to 28 percent, while during the second the top tax rate was being pushed back up to 42 percent. What these data show is that federal revenues grew at the same pace with *falling* income tax rates in the '80s as they did with *rising* rates in the '90s.

Figure 1
Reagan tax cuts didn't deplete government coffers



Source: Budget of the U.S. Government and Congressional Budget Office. Expressed in constant 1992 dollars.

Two things explain how this is possible. First: as AEI scholar and former Federal Reserve Board member Lawrence Lindsey has documented, the amount of taxes paid by wealthy Americans soared when tax rates were lowered in the 1980s (because they began producing more income). And second: the economy grew faster in the seven years following the Reagan tax cuts (3.2 percent real GDP growth per year) than it has in 1990–97 period (2.5 percent per year).

So tax cuts are not primarily responsible for the last decade's ballooning of the deficit. Nor did George Bush's 1990 tax-raising "deal of the century" and other fiscal policies "lay the groundwork" for the taming of the deficit in recent years (as Mr. Bush argued not long ago). It is a little-remembered fact that by the end of the Reagan era, the federal deficit was falling rapidly: from 6 percent of GDP in 1985 to 3 percent in 1989. As Reagan left office, the Democrat-controlled Congressional Budget Office projected that deficits were on a path to fall to about 1 percent of GDP by 1993. Instead, the budget deficit during the Bush years ended up some $600 billion higher than the Reagan track.

Why the fiscal deterioration? First, the 1990–91 recession and a middling recovery caused federal revenue growth to slow to a trickle, even with Bush's tax increase. And second, George Bush (with the enthusiastic assistance of a profligate Democratic Congress) was one of this century's biggest-spending presidents. Domestic outlays surged by 28 percent above and beyond inflation during Bush's four years. To somehow fantasize that George Bush and Richard Darman contributed to the current balanced-budget regime is to give historical revisionism a bad name.

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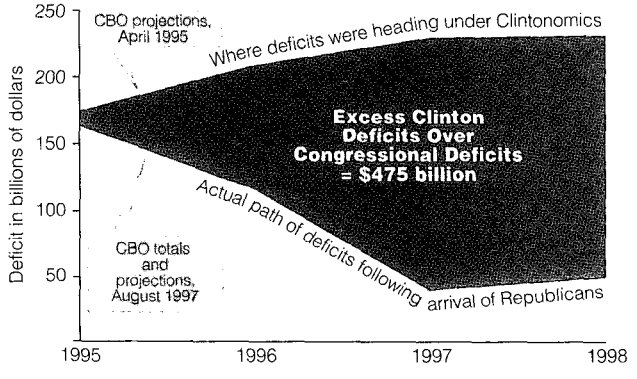
Virtually all of the deficit reduction of the past five years (from $255 billion in 1993 to $40 billion in 1997) has happened on Bill Clinton's watch. He was there when it happened and deserves some of the credit. To paraphrase Woody Allen, "90 percent of life is just showing up." Moreover, compared to Bush's spendthrift record, Bill Clinton looks like a fiscal tightwad.

But to attribute the steep decline in the deficit to Clinton's 1993 tax increases is misleading. The '93 tax increases did reduce the budget deficit, but not by nearly as much as the White House is touting. The best evidence of this is to examine where the deficit was heading in early 1995—after a couple years of Clintonism, including his tax hike, but before the reforms of the new Republican Congress began to kick in.

Figure 2 shows that the deficit was set to hover at or above $200 billion well into the next millennium under Clintonism prior to the dawn of the Republican Congress. Instead, the cumulative budget deficits from 1994–98 are now expected to total $475 billion less than the Clintonomics baseline.

Figure 2
Clintonomics didn't balance the budget



Source: Congressional Budget Office.

Newt Gingrich is right that part of this improvement is due to the tighter fiscal restraints imposed by the GOP Congress. Under Republican rule of Capitol Hill, domestic spending is growing at a slower pace than when the Democrats ran Congress. But these savings are much more modest than GOP congressional leaders would have you believe.

The budget deficit is down not because Clinton or Bush raised taxes, or because congressional Republicans trimmed programs, but rather because the defense budget is now more than $100 billion a year less than when the Berlin Wall was still standing.

The major contribution of the Republican Congress has been in what it *hasn't* done, more than in what it has. Republicans haven't crippled the economy with costly new domestic regulations (although there may be a severe body blow if they accede to Clinton's proposed new clean-air mandates). Republicans haven't enacted many expensive new entitlement expansions—the glaring exception being this year's child health care program. They have not raised taxes. Our present impressive economic expansion has proceeded because business is contented with a Congress that is committed to doing little harm.

But we still haven't identified the main source of this decade's big drop in federal deficits. Which brings us back to Ronald Reagan. Over the past 25 years, the single factor that has affected the federal budget the most is the Cold War. Although the Reagan administration didn't admit it at the time, the primary explanation for the deficit bulge of the '80s was Reagan's Cold War defense build-up. In the eight Reagan years, the Pentagon budget rose by about one-third above inflation. We spent fully $2 trillion during the decade to defeat the Soviet Union. (And it was arguably the only government "investment" of the past half-century that actually worked.)

Reagan had intended to soften that heavy run-up of defense spending by making some cuts in social spending—but the Democratic Congress refused to go along. The promised Reagan spending reductions on the domestic side never materialized. Instead, Congress funded the military expansion by borrowing. In fact, the deficit rose in the 1980s by almost precisely the amount of the increases in defense spending.

Yes, that debt will have to be paid off by the Generation Xers and their children. But there is a rough fiscal justice to that, because it is those generations who are the biggest beneficiaries of the U.S. Cold War victory. Thanks to Reagan, twenty-first-century Americans will inherit a more peaceful world less threatened by nuclear war. In economic terms alone, the value to future generations of there not being a Soviet Union is orders of magnitude larger than the $2 trillion price tag.

Which brings us to the point where Ronald Reagan's Cold War victory connects with Bill Clinton's vanishing deficit. For just as the Reagan defense build-up caused the deficit to soar in the 1980s, it is primarily the Reagan *peace dividend* that has caused the deficit to plummet in the late 1990s. The end of the Cold War has generated a half-trillion-dollar budget dividend in just the last eight years, and that gift escalates with every passing season. And this was all dropped like manna from heaven into President Bill Clinton's lap. The fact is, the budget deficit is falling today not primarily because Clinton or Bush raised taxes, not primarily because the congressional Republicans committed themselves to a balanced budget, but rather because the defense budget is now more than $100 billion a year lower than when the Berlin Wall was still standing.

In fact, the post-Cold War peace dividend has been so large it has simultaneously financed a reduction in the budget deficit *and* a sustained buildup of

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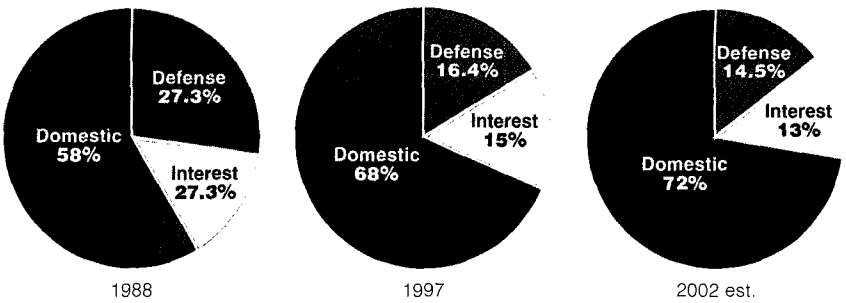
domestic programs. Contrary to constant interest-group whining about a "neglect of social programs" in Washington, nondefense outlays catapulted in 1997 to their highest levels ever in American history—both in real dollars and as a share of national output. Over the period 1988–97, federal domestic expenditures rose from $622 billion to $1,113 billion. After adjusting for inflation, that's a stark 34 percent rise.

Figures 3 and 4 show (in inflation-adjusted dollars) how U.S. defense spending is contracting while other spending is zooming upward. Representative John Kasich and his fellow Republicans like to defend their record by noting that federal expenditures as a share of the overall economy are now in the process of falling—from 21.1 percent of GDP in 1995 to an estimated 20.6 percent in 1998. But *all* of that half-a-percentage-point decline is attributable to defense cutbacks. Domestic spending has been growing even faster than today's hot U. S. economy.

Much the same pattern can be seen regarding federal employment. Bill Clinton has bragged repeatedly about the federal workforce being slimmed by 180,000 jobs (6 percent) since January 1993. But here too, virtually all of the reduction has come out of the military. Between 1993 and 1996 the Department of Defense trimmed 160,000 civilian jobs (nearly a fifth of the DoD total). That means nine out of ten federal jobs eliminated over the past four years came out of the Pentagon, while the rest of the federal bureaucracy has been trimmed by less than 20,000 jobs—or one percent. (Moreover, state and local governments have swollen so fast there are now 1.5 million *more* Americans working for some level of government than there were in the late 1980s.)

The Bush and Clinton tax hikes paid for a social spending spree. Expenditures at the Department of Health and Human Services have roared upward by a whopping 82 percent after inflation in the 1990s. The Education Department budget has risen by 22 percent; Housing and Urban Development is up 21 percent. Even the Department of Energy—a worthless relic of the OPEC oil crisis of the Jimmy Carter era—has been rewarded with a fatter budget. Only the Department of Agriculture has seen its budget

Figure 3
Defense disappears from the budget

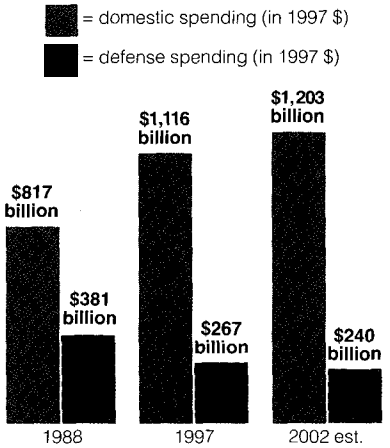


Source: Budget of the U.S. Government.

fall in real terms in the post-Reagan era. If domestic spending in the 1990s had simply been restrained to the inflation rate, as it was in the Reagan years, Uncle Sam would have a *$200 billion budget surplus* today.

In addition to the peace dividend, the Reagan policies of the 1980s had one other profoundly positive effect on the budget in the 1990s. The economic policy regime known as Reaganomics—low tax rates, tight monetary policy, low interest rates, freer international trade, regulatory relief, and a strong dollar—have produced what is now a 15-year low-inflation, high-employment, bull market economy, interrupted only temporarily in the middle Bush years. For all the contempt that Bill Clinton heaps on supply-side economics, most of Reagan's policies have become orthodoxy not only among Republicans, but among New Democrats as well. (Notice Bill Clinton's support of free trade agreements and his continuation of hawkish anti-inflation policies.)

Figure 4
The Peace Dividend



Source: Budget of the U.S. Government.

When Reagan took office and the nation found itself in the grips of what *Newsweek* was calling the most "serious economic crisis since the Great Depression," America's economic resurgence seemed improbable. Left-wing pundits like Lester Thurow moaned in 1982 that "the engines of economic growth have shut down in the U.S.—with no end in sight." Yet over the next decade and a half the U.S. economy would nearly double in size, and American companies would create 30 million new jobs (more than the rest of the industrialized world combined). The inflation rate would fall by two-thirds, the Dow Jones average would rise from 800 to nearly 8,000, and more net new wealth would be created in this short decade-and-a-half than in the nation's previous 200 years combined.

Reagan's policies also ended our long and tense competition with international communism, and our loss of confidence in American leadership. And none of this happened by accident. It was Reagan's determined policies that brought unprecedented global stability, nudging the entire global economy into a higher gear in many subtle and important ways.

Peace and economic growth—not political deal-making—balanced the U.S. budget in 1997. Those are the deepest sources of today's prosperity and sudden federal budget windfall. And that is the enduring legacy Ronald Reagan left to Bill Clinton and Newt Gingrich.

Stephen Moore is director of fiscal policy studies at the Cato Institute.

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Washington's Coffers Are About to Overflow

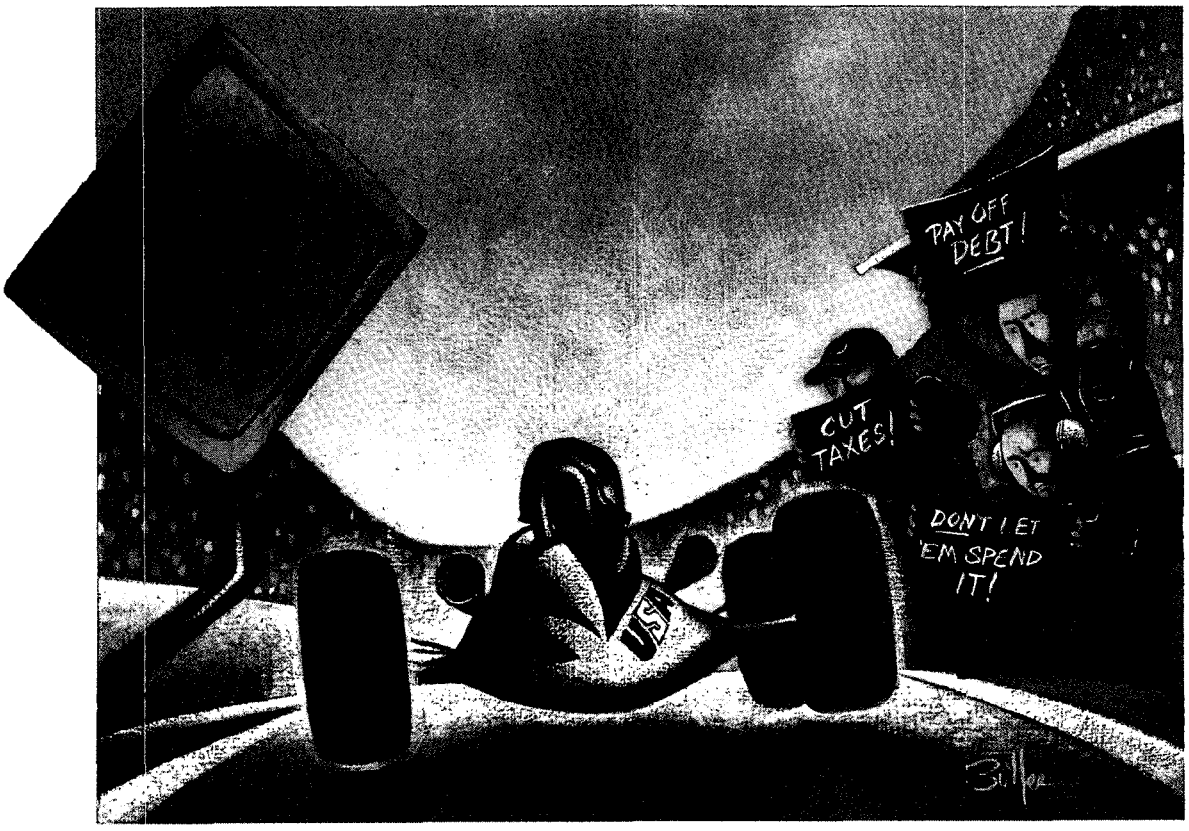

Illustration by Ralph Butler

How Should Conservatives React?

To the surprise of most economists and politicians, the U.S. government is on a course to start running substantial budget surpluses very soon. Because the natural temptation will be for Congress and the President to spend those surpluses in foolish ways to curry favor with the electorate, conservatives have begun to debate how they should respond. One of the hottest arguments on Capitol Hill this fall will be over the merits of a bill introduced by Rep. Mark Neumann (R-Wisc.), and embraced by the House Republican leadership, which would *require* the government to run surpluses in the future, and use most of the proceeds to pay down the national debt.

The American Enterprise recently gathered a panel of expert observers to thrash out this topic, and the discussion was quite fervent.

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Bruce Bartlett
served in the U.S. Department of the Treasury during the Reagan and Bush administrations.

James Buchanan
teaches at George Mason University and was awarded the Nobel Prize in Economics in 1986.

Lawrence Kudlow
is an economist who served in President Reagan's Office of Management and Budget.

Stephen Moore
is director of fiscal policy studies at Washington, D.C.'s Cato Institute.

Mark Neumann
is a second-term Republican Congressman from Wisconsin. (He had to leave before the end of the session to vote on the House floor.)

Herbert Stein
of the American Enterprise Institute was a chief economic advisor to Presidents Nixon and Ford.

Mr. Stein: We are here to discuss the question: "Federal Budget Surpluses Ahead: How Should Conservatives React?" James Buchanan, could you start?

Mr. Buchanan: It's purely imaginary to expect that today's political structure will ever generate surpluses. We had this same argument about what to do with surpluses back in the '60s—but they never materialized, because extra spending sopped them up. The same thing will happen again now; so it's an imaginary game.

But let's play the game. There are ethical questions, political questions, economic questions. First of all, the national debt. My emphasis has always been: Let's at least stop increasing the burden. If we could get the budget in balance—and I think that's only possible with a constitutional amendment—then we would only have to deal with the existing debt.

Should we try to retire the debt? Retiring the national debt would amount to creating capital, a good thing. On the other hand, I don't think any particular generation of taxpayers should have the burden of paying off the accumulated debt we have eaten up in past years.

Mr. Kudlow: I believe we *are* entering a period of considerable budget surpluses, thanks to a smoothly functioning economy. My own estimates are that if we adhere to current law on spending, we'll see a federal surplus *this year*—fiscal year 1998—and that the surpluses will rise to around $100 billion over a couple years, and to over $300 billion by the year 2002. But I also recognize that the spending restraints that exist on paper in the 1997 budget agreement may never come to pass; so I wouldn't want to be pinned down to an exact number.

I disagree that the national debt is a big problem, at least under current economic conditions. I view debt as merely an instrument of financing. It can be a very bad instrument if it's financing bad federal policies, but it can be a positive instrument when it's financing good federal policies. The debt incurred in the 1980s—the focus of the controversy—financed three areas, all of them extremely positive: Number one, we used debt financing to underwrite the reduction of inflation from about 10 or 12 percent to 2 or 3 percent (which starved the government of inflated revenues). I think lower inflation is the crucial ingredient in the U.S. economic recovery.

Second, we used debt to finance the early stages of President Reagan's income tax cuts. These cuts eventually created huge flows of revenues, but you can argue that we had to fund, say, $50 billion in the short run to finance the tax cuts in '83 and '84. By '85 and beyond the tax relief was paying for itself.

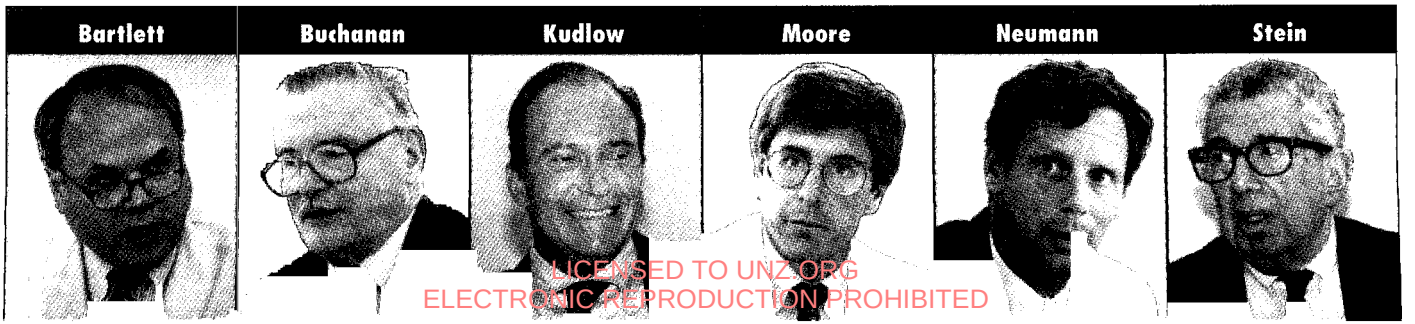
And, third, we used debt to finance the build-up of military spending which was essential to America's winning the Cold War. That was Reagan's vision, and he succeeded. He took risks, and they're still paying off.

So debt doesn't worry me much. Even estimates from the Congressional Budget Office with low assumptions on future economic growth show that the size of our national debt in comparison to the whole economy will drop sharply over the next ten years, from the equivalent of about 50 percent of GDP to 30 percent. That would return us to the low debt burden of the past century. I think the absolute low was about 25 percent during the 1970s, and the high was following World War II, at over 100 percent. So we're not currently staggering under some great debt burden.

Some argue that government borrowing crowded out private investment. Yet interest rates—the price of borrowing money to invest—have fallen as the debt has risen, so I don't believe there is any particular link between national debt and interest rates.

I also dislike the measures being considered as a means of handling future budget surpluses. The proposal furthest along in Congress is Mark Neumann's plan to cap growth in government spending at one percentage point below the growth in government revenues, and then use two-thirds of the resulting surplus to pay off debt. (The other third would be used for tax reduction.)

I have always opposed formulaic notions of fiscal policy. I don't think they work. And I believe Neumann's plan would actually permit higher government spending, rather than restraining it. For example, in fiscal year 1997, rev-



photography by Bruce Reedy

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enues are going to come in about 11 or 12 percent above '96, so a one-percentage-point reduction of spending below the revenue line would permit a 10 percent jump in spending by Congress.

I would use the surpluses I'm predicting for much different purposes: for tax streamlining and a flat-tax rate reduction; to finance Social Security privatization; and I would prevent any of the surpluses from being spent. My great hope is that we can shrink the federal government and terminate a lot of agencies and programs in the next 10 years.

Mr. Moore: Let me start with three points. The first issue is, Will there be a budget surplus at all? Here I am a skeptic, as Jim Buchanan is. The politicians will want to spend this money before any surplus emerges. We already see people like Ted Kennedy and Dick Gephardt salivating over the idea of a budget surplus that would let them create national child health care programs, socialized medicine, etc. So the most important policy is to make sure surpluses are not spent.

Second, is there a case for debt retirement? I think it's important to put this issue in historical context. We are now in a *post-war* period in America. As Larry Kudlow says, we had big deficits in the 1980s because we used those deficits to finance a Cold War build-up, a worthy investment of tax dollars. But now the Cold War is won, and in virtually every other era after concluding a war, the United States cut wartime taxes, moved immediately to a balanced budget, and then started retiring wartime debt. That was true after the Revolutionary War, it was true after the Civil War, after World War I, World War II, and Korea. So if we start retiring some debt as Congressman Neumann wants, it would be consistent with what we've done before.

Moreover, there is a political elegance to Mark Neumann's idea. The opportunity his bill presents is to forge a coalition of supply-side tax-cutters like Larry Kudlow with the Perotians and the part of the Republican Party who say, "We have a moral obligation to reduce the debt." So I have no objection to the Neumann bill.

But is his scheme the optimal treatment of a budget surplus? Here I part company with Neumann. We care about deficits and debt because of their impact on future generations. But if that is our concern, the single most important thing we can do for future generations of Americans is to privatize Social Security.

Allowing today's workers to rechannel their payroll taxes into individual investment accounts would produce many good effects for the economy and retirees alike. It would increase savings, and it would reduce the huge debt overhang of promised future Social Security benefits. And the easiest way to do this would be to use budget surpluses to pay the benefits due to today's senior citizens as we make the transition from our current Social Security system to a privatized replacement. So while I am attracted to the Neumann plan, this could be an even better alternative.

Mr. Bartlett: My concern with the Neumann proposal is this: The only benefit of paying off our national debt would be to reduce our interest payments. Interest on the debt currently takes about 15 percent of our budget. So the most we could achieve via this Herculean undertaking is to cut taxes by 15 percent. That's what Bob Dole proposed last year without having to get into debt repayment.

Meanwhile, some existing taxes are far worse than others. These levies are particularly likely to distort and drag down the economy. There is much more value in eliminating those taxes than in reducing the overall level of taxation by an amount equal to the interest we now pay on the national debt.

Unfortunately, cutting taxes has become politically difficult, which is why we've had only two tax cuts in the last 16 years, and one of them hardly counts. So it seems to me that if we have surpluses, it's imperative we use the extra revenue to get rid of our worst taxes.

I'm also very sympathetic to Steve's idea about using surpluses to make it easier to privatize Social Security—because that too would have many more positive overflow effects than just eliminating the costs of servicing the debt. Either alternative is a vastly better idea than sending cash to bond-owners who hold debt that is imposing no burden on the economy.

Rep. Neumann: We all adamantly agree that we don't want future surplus revenues spent on new Washington programs. And we all believe we need to put something into place to prevent that from happening, as it so easily could.

But I also believe our generation has a strong moral responsibility to pay the bills we have run up over the last two decades. I know there was debt before 1980, but it totaled less than $1 trillion, so $4 trillion of today's total debt has been run up from 1980 forward. I think we as a generation have a responsibility to pay these bills, rather than pass them on to future Americans.

Under my proposal we can fulfill this moral responsibility and also reduce taxes. As Larry Kudlow mentioned, my plan caps spending at one percent below revenues, with one-third of the resulting surplus dedicated to tax reduction. Two-thirds would be dedicated to repayment of debt. And under reasonable projections, my bill would allow our national debt to be entirely repaid by 2026.

Many in Washington question whether the one-third/two-thirds ratio between tax reduction and debt repayment is right. Let me just say I'm listening. Whether we devote one-third of surpluses to tax reduction, or one-half, or whatever, can be debated in the appropriate bodies here in Washington. I agree with arguments about the benefits of tax reductions. And I note that this is the only bill currently under consideration that guarantees additional tax cuts in each and every year as we look forward.

This bill doesn't say we can't have further tax cuts. It only says that we're going to make sure we have at least this much tax relief *and* repay the debt, whose interest currently eats up close to one out of every six dollars of federal spending.

Buchanan: How are you going to lock in future Congresses?

Neumann: You can't lock in future Congresses.

Buchanan: That's my point.

Bartlett: We passed a law to balance the budget some years ago, if you remember, the Byrd amendment.

Stein: Then we had Gramm-Rudman.

Neumann: I'm glad you brought that up. The Gramm-Rudman Act was passed by a Democratic Congress in 1985, but the promises it made to the American people were not kept, and then in '93 they raised taxes to get out of the hole.

By contrast, in 1995 when the Republicans took control of the House and Senate, we laid out a plan to balance the federal budget, and we are not only on track,

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we are three years ahead of schedule. It's the people's responsibility to make sure their elected representatives continue this in the future. There is no other way in the United States of America.

Kudlow: Gramm-Rudman probably had some mild positive effect the first year. Then Congress figured out how to get around it, and it broke down. That failure should be an instructive warning against relying on formulaic budget plans.

Moore: But there's an important point that you're missing in his formulaic approach. The Neumann bill would create a constituency to keep spending down and have a surplus in the first place. We can tell people, "Look, we're going to use that money to cut your taxes and reduce the debt." That creates political momentum for getting our hands on the money before the Left does.

Kudlow: Having worked at the Office of Management and Budget, I just don't believe that fiscal policy can be put on autopilot. Mark, I think your formula will ultimately encourage additional spending rather than discouraging it.

Neumann: How is that?

Kudlow: Federal revenue growth this year exceeds 10 percent. Permitting spending at one percentage point below that would provide a tremendous increase in spending.

Neumann: Our bill says spending must grow *at least* one percentage point below the level of revenue growth. That doesn't mean that when revenue grows by 10 percent spending must automatically grow by 9 percent.

Kudlow: But it *can*. If the economy performs as well as I expect, your plan could provide cover for a lot of new spending.

Moore: Look at Gramm-Rudman. During the four or five years Gramm-Rudman was in effect, no, it didn't reach its deficit targets—but we did have spending growing less than inflation because of those rules we put into place. So I think rules are better than no rules, even though the rules can be broken.

Bartlett: But even if we use 100 percent of any future surplus to cut taxes, the national debt will still fall substantially. So as long as we keep a balanced budget to avoid adding more to it, the debt will become less and less significant in comparison to a steadily increasing economy. Plus, no one is predicting zero inflation any time soon, and even if you assume just two percent inflation, the declining value of the dollar "eliminates" $100 billion worth of the debt every year without doing anything. What's more, the Federal Reserve buys up government bonds every year, converting them into money. For all intents and purposes that debt is extinguished. So the debt will automatically shrivel even if we give all surplus revenues back to taxpayers, as I think we should.

I miss the deficits, because they were a very effective restraint on federal spending. We are going to have trouble in the next ten years restraining spending.

Stein: I'd like to take a somewhat longer view for a moment. As we look ahead 20 years or so, we see a period in which, as things are now set up, we are going to have, not federal surpluses, but enormous deficits, this time because of an aging population's increased drain on Social Security and Medicare. How do we account for these large deficits beyond the year 2020 or so?

Moore: Economist Larry Kotlikoff of Boston University calculates that if we go beyond current cash flow and also factor in the unfunded future liabilities of our Social Security system, we actually have about a $400 billion budget deficit today. This is a strong argument for either privatizing the Social Security system to wipe out some of those future liabilities, or else running surpluses now so that we can clear the books for those large obligations in the future.

Buchanan: Privatizing Social Security is in fact paying off debt, retiring that implicit debt.

Bartlett: Privatizing would do that well. But beware of the alternate idea of building up a surplus within the current Social Security system for use down the road. Remember the lesson of the 1983 Social Security fix. The politicians at that time consciously created a surplus in the Social Security trust fund, supposedly to prepare for the future baby-boomer retirements we're now worried about. But no overall budget surplus occurred, because the Social Security surpluses were just raided to fuel additional government spending in other parts of the budget.

Kudlow: I am a strong supporter of Social Security privatization. I think it kills many birds with one stone. It helps growth, it lowers debt by reducing liability in the future, provides a tremendous amount of self-government and personal responsibility, adds to the savings rate, and so forth.

But I agree with what Bruce said: The debt will fall of its own accord if our other economic policies are good. If we keep growing this economy, then the scope of the national debt will have fallen to 20 percent or 15 percent of GDP by the time the boomers start drawing retirement checks.

Stein: Larry, you must agree that your forecast is subject to a certain degree of uncertainty, and the question is how to deal with these uncertainties. Is it more prudent to operate on less optimistic assumptions and initiate debt-reduction while we're waiting to see if your high growth actually happens, in which case you can then cut taxes? Or do we neglect this opportunity to reduce the debt now and risk entering a period of large deficits with a debt that's already quite large?

Neumann: I think that's a very important question, and I rely on my business-world experience to respond. I owned a home-building company that built 50 percent of its houses on speculation, which means we borrowed large sums of money. But when times were good, we paid down our debt. That's how we dealt with future uncertainties in the home-building business, which is much closer to real life than your projections.

I think the prudent course of action today is to reduce our debt with the anticipation that at some point in the future we're going to be very happy we made that decision.

Moore: The very *best* way to bring our debt down, though, is to reform entitlement policies, which will also facilitate faster growth. Because even if we have your program in place, Mark, if the economy tanks there will be no budget surpluses to squirrel away. So there is something to be said for moving aggressively toward lower tax rates, particularly

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a flat tax that will make the economy grow and in turn create the budget surpluses you want to work with.

But it does matter what type of tax cut we're talking about. If the choice is just to do another stupid tax cut like this year's, I'd rather retire debt. On the other hand, if we could lower *rates*, then it might be better to have a tax cut than to retire debt. All tax cuts are not created equal.

Bartlett: I object to making current economic policy on the basis of what the nation may or may not need a whole generation from now. If we are to have formulas and rules, one rule I have always thought might be useful to follow, and it is consistent with paying off debt, is simply to stipulate that Congress cannot spend more this year than it raised in revenue last year. With some rule like that, spending would almost always lag revenues and you'd automatically provide for a surplus.

Moore: Could I ask Jim Buchanan a question drawing on his academic expertise in how public choices are made? Many of the people who oppose Mark Neumann's bill fear that if the Left is proposing new spending, and Republicans counter with a proposal to reduce the debt instead, the Left will out-bid the Republicans and seduce the public into new spending programs. How do you see that playing out?

Buchanan: The real question is, what is the constituency for debt retirement? I agree with most of what Congressman Neumann says about the moral responsibility of debt-reduction, and he implied that there is a considerable body of public support out there for debt retirement, which is possible.

But it is quite possible that pressure for spending increases or tax cuts will overwhelm other options. After all, paying off debt is equivalent to creating capital for the nation, which is a very good overall policy in a certain sense, but when have we ever done that? We've more often done just the opposite by running deficits, which is equivalent to destroying capital. So if a Neumann-like effort could create a public constituency for retiring debt as a kind of moral obligation, that could be beneficial, but it may not be an easy sell.

Kudlow: The right budget question to ask at all times is not, "Does the budget balance?" but rather, "What are the consequences for growth versus recession?" That's also the right question to raise before the public in assessing various ways of handling surpluses.

Bartlett: We've dwelled on the 1980s, but if you go back to the prosperous 1950s, debt was relatively high as a share of GDP. And in the mid-1970s, debt as a share of GDP reached its lowest level in the century, I think—and yet it was a dismal period economically.

Kudlow: The reality is that the increase in debt over the last 15 years has been accompanied by an extremely prosperous economy.

Neumann: The economy has been booming because we've been spending our children's money. When I talk to people outside of Washington, do you know what they tell me? "Don't do tax cuts if it means we can't balance the budget." They are willing to forego their own income today because they do not want to pass on to their children the debt that's been run up over the last 15 or 20 years. I believe strongly that the people of this country will see the moral imperative to do this, so that it will outweigh any other argument.

Moore: Larry made an important point earlier that debt is a financing technique and much depends on how you use that debt. I get tired of these Generation Xers who say, "You people ran up this debt for your own comfort." Actually, there are good reasons why our children and grandchildren should help pay off today's debt, because they are the beneficiaries of what much of that debt was spent on over the last 15 years—namely eliminating the Soviet threat by rearming, and kicking off a high-growth, low-inflation era with tax relief.

But I do think that now that there is no Soviet menace, now that debt has reached a fairly high level, it might be a good time to pay some of it down like a sensible business.

Kudlow: Businesses don't necessarily pay their debts down in good times. It's a question of comparing rates of return on different possible uses of their free capital. It's a financing issue, not a moral issue.

Buchanan: It *is* a moral issue. And an economic issue. You're mixing up two sides of the account. Sure, investing in productive things is better than investing in non-productive things. But that has nothing to do with the taxing side, how the revenue is raised.

If you tax people to make an investment, you are paying for it now. But if you make an investment by borrowing, the people who are paying for whatever it is you're getting are the taxpayers of the future. And they may or may not benefit from what you get. There is no way you can get around that very simple law.

Kudlow: I will say this for publication—I miss the deficits, because they were a very effective restraint on federal spending. We are going to have more trouble in the next ten years restraining spending in the absence of deficits than with them.

Bartlett: Pat Moynihan always said Reagan's deficits were a conspiracy.

Kudlow: He was partly right, and we knew exactly what we were doing, from Reagan on down. But tax cuts—and I include Social Security privatization under that heading—can offer a compensating restraint on the size of the federal government. Debt-reduction, on the other hand, is not a clear restraint on the power of government.

Moore: The value of a debt-reduction crusade that you're missing, Larry, is that liberals are already out there with lots of new spending plans, and we need some kind of goalie to slap their proposals away.

Bartlett: Take away their allowance.

Kudlow: What you're missing is that in the next 12 months, and the '98 congressional elections, *Democrats* will embrace debt-reduction. Why? Because they'll figure out that Mark Neumann's formula will still permit spending to rise plenty. Always and everywhere, the place where the rubber meets the road in shrinking government is tax reduction. You show me a tax-cutting regime, I'll show you a government-shrinking regime. You show me debt-reduction, I'll say the record is all over the place—there's no clear link to the size of government. Mark can reduce debt and still grow spending by 8 percent a year, by his own formula.

Moore: But there is not a conservative majority in Congress to enact the kinds of tax reduction you and I want. The elegance of the Neumann plan is that it puts the debt-reduction coalition together with the tax-cutting coalition and achieves a majority that can serve as a strong traffic cop to stop those who will want to spend future surpluses.

Kudlow: There is no debt-reduction constituency.

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Moore: There are a lot of Americans who agree entirely with what Mark Neumann said about the moral obligation to reduce the debt.

Stein: I can see why Larry has so little interest in the future. He smokes. [laughter]

Moore: But, Larry, you don't have the votes in Congress to do what you want to do. Mark Neumann has—

Bartlett: He doesn't have the votes either. There's not one supporter of his legislation in the Senate.

Stein: The question is whether we should make tax reductions—which will primarily go to increase consumption—or debt-reductions, which will primarily go to freeing up funds for private investment.

Kudlow: That was the argument given to us again and again in the '80s: "If you cut taxes, people will spend the money." The fact is, we have had an investment boom for 15 years because we improved investment returns in the United States. We increased incentives to supply more labor and more investment.

Moore: But Herb gets to the point I was making earlier. How much good you do depends a lot on *how* you cut taxes. There *are* cuts that would go almost entirely to consumption.

Kudlow: I agree. I want tax *rate* cuts.

Stein: But then you don't have a proposition which is especially salable to the public, which likes the idea of everybody getting $500.

Moore: I think that if the Republicans went out and said, "We want to make a transition to a simpler, flat-rate, consumption-based tax system, but it is going to cost $100 billion in the transition," that's a very salable thing. That's a very populist issue with Americans. You could sell Social Security privatization in the same way—as a long-term good with a short-term price tag.

Bartlett: One problem with the Neumann plan is that because it demonizes debt, it could hurt the chances for Social Security privatization. Everybody studying the privatization of Social Security agrees that in any transition from today's system to private accounts there will have to be a big increase in on-budget debt. That's not a real increase in debt, because it will be balanced by the elimination of implicit debt currently hidden from view in the form of promised future old-age benefits. But the shift will be highly visible. By stirring up moral fervor against visible debt, Congressman Neumann could make it easier for opponents to demagogue the privatization of Social Security.

Kudlow: Which would be a real irony, and tragedy, because privatizing Social Security would both reduce debt (in the form of promised future benefits) and buoy national growth through large new investments of individual retirement accounts in the stock market. In this sense, privatizing Social Security is the only "debt-reduction" I really like.

Moore: That's optimum.

Kudlow: I could accept using, say, 80 percent of future surpluses for tax and Social Security relief, and 20 percent for debt-reduction, something of that magnitude. But it's not a headline issue in my mind. I believe a successful political coalition has to emphasize economic growth, tax relief, and consumer choice in the areas of retirement, health care, education. Those are coalition builders. Debt-reduction is going to fail to be a political rallying cry.

Stein: But you mustn't confuse the politics of debt-reduction with the economics of debt-reduction. The economic desirability of debt-reduction, I think, is not contestable.

Buchanan: If I borrow money, I have to pay it back tomorrow. It's just that simple.

Kudlow: Yes, but if you borrow money and put it to work and create an asset, you will be *able* to pay it back.

Buchanan: But it makes a difference if I create my assets by *borrowing*, or by paying for it today.

Public Opinion on Disposing of Potential Budget Surpluses

Partly because the idea of federal budget surpluses is so new and startling to most Americans, public opinion on possible ways to use them is fluid and not well formed.

The two options preferred by conservatives—tax cuts or debt paydowns—are roughly equal in popularity. The third option, more government spending, is the conservative nightmare, and the polls below indicate the public is of two minds on that possibility.

All surveys are subject to wide swings depending on how questions are worded, and polling experts report that, in particular, any reference today to aiding "education" or "health care" will produce a big upward spike of public feeling. Thus when an NBC News/*Wall Street Journal* poll recently suggested (rather leadingly) that potential surpluses be devoted to "education and health care," there was considerable enthusiasm for the idea. Yet when Gallup asked more simply about the desirability of "increased spending on government programs," there was scant interest.

Another source of the sharply different results in these two polls (among the first on this topic) may be the fact that NBC presented surpluses as some future hypothetical, while Gallup asked more concretely what should be done if they exist next year. In that sense, the Gallup results may be more relevant to this fall's congressional debate on the subject. But the NBC findings indicating how easily surpluses could lead to federal expansion serve as a caution light to advocates of limited government.

Stay tuned as public opinion develops in this critical area. —the editors

Some economists believe that the federal budget may be balanced by as early as next year, and that the government may take in more money than it spends. If that happens, which of the following would you prefer the government do with the surplus money—

Cut taxes	42%
Reduce the national debt	41
Increase spending on government programs	14
Other	3

Source: Gallup poll, August 22–25, 1997.

If the federal government started developing a surplus of funds in the federal budget, how would you most like that money to be used?

Increase spending on education and health care	49%
Start paying down the national debt	25
Return the money to the tax payers in the form of a tax cut	21
Other	5

Source: NBC News/*Wall Street Journal* poll, September 11–15, 1997.

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One Reform That Could Change Everything in D.C.

By **Christopher Cox**

LIKE ALL TOO MANY GOOD-GOVERNMENT "REFORMS" of recent decades, the 1974 Budget Act made matters worse. Since the Act passed, federal spending has doubled (after adjusting for inflation), under a budget process that both encourages and camouflages the uncontrolled growth of government. Worse, Congress and the President have found the budget law easy to simply ignore—resorting instead to extra-legal, ad-hoc deals that keep spending safely hidden in the shadows of today's confusing budget labyrinth.

Theoretically, the making of each federal budget is governed by 54 pages of statutory small print. In practice, the official procedure gives way to chaotic, secretive, unaccountable conclaves whose membership varies not just year to year but meeting to meeting. Even Washington power-brokers don't know in advance if they'll be in the budget loop. By the end of this year's budget negotiations, for instance, the chairmen of both the House Ways and Means Committee and the Senate Finance Committee were excluded from the sessions where the tax bill's final outlines were decided.

Complexity and unpredictability are but symptoms of the 1974 Budget Act's deeper disease. Federal budgeting ought to start at the top, by setting broad limits on spending. Instead, our budgets currently begin with numbing detail, listing hoped-for spending in every activity of the federal government.

A proper budget would enforce the broad spending priorities it sets. But budgets under the '74 Act are not binding laws, only "concurrent resolutions" that are unenforceable. A real budget would also be adopted early, *before* the spending process begins. Yet only once since the 1974 law passed has Congress met the April 15 deadline for completing its budget resolution.

Indeed, nearly every requirement of our current budget law is routinely flouted. In the 103rd Congress (1993-94), two out of every three spending bills adopted by the House ignored the Budget Act completely. Small wonder that more than 90 percent of the nation's $5 trillion debt has been incurred since 1974.

And the budget rules that Congress *does* follow are often even worse than the ones it ignores. Under the system of auto-pilot budgeting known as "mandatory" spending, whole categories of federal spending renew themselves in perpetuity, without any further action or review by Congress. There are now 260 such "automatic" programs, accounting for two-thirds of all federal expenditures.

The remaining one-third of the budget, which Congress and the President claim to decide each year, is handled under perverse "baseline budgeting." This deceptive accounting device projects current spending into the future *as if* it were mandated. Then, if anyone suggests that spending should increase just a little less quickly than projected, the reduced *increase* is labeled a *cut*. Even in the current Republican Congress, baseline budgeting still holds sway, creating a permanent bias towards ever-higher levels of spending.

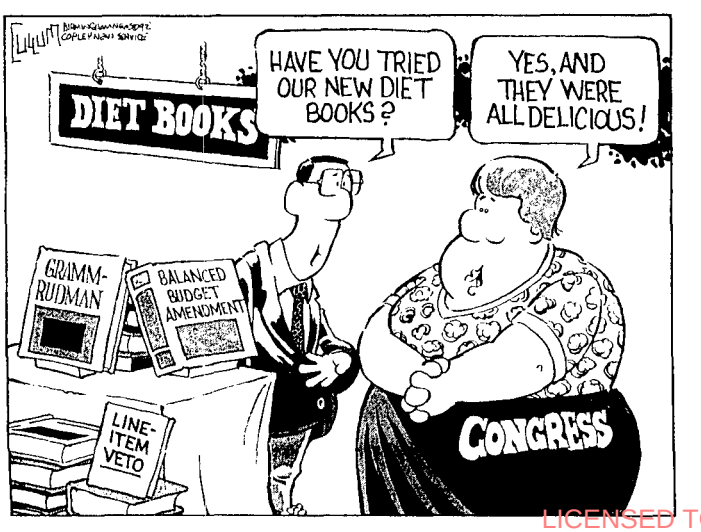
CLEARLY, THE 1974 BUDGET ACT should be replaced with something more sensible. Nearly a decade ago, I first introduced the Budget Process Reform Act, which even then had 100 co-sponsors. Today, five Congresses later, the updated legislation has more than 200 co-sponsors.

This new budget law will require Congress to budget first, and spend second. Specifically, Congress could not spend money on a program, or even consider spending bills in committee, without first passing an overall budget that establishes general expenditure limits. To expedite the passage of such a budget, our reform would reduce it to one page: barely 20 numbers that set overall constraints. Instead of hyper-detailed, epic-length budgets that list every individual program account, Congress would first focus on the general boundaries—fostering more rational and amicable decision-making.

Just as importantly, the budget would be a binding law on both Congress and the President, not a rubbery concurrent resolution. And since it will require the President's signature, he will be in from the beginning—reducing the likelihood of end-of-session deadlocks and slipshod midnight deals. Finally, the Act requires a two-thirds vote to break any budget law that a majority has approved. For the first time, this will put real discipline in the process.

Budget brinkmanship and government shutdowns in the past show the need for a mechanism to sustain federal operations if Congress and the President fail to come to terms. Our bill stipulates that when this happens, spending will be held to the level of the previous fiscal year until the two sides come to agreement. (Such a freeze has never occurred since 1974.)

At the moment, there is no end in sight to two decades of runaway federal spending. This year's budget compromise achieves "balance" only through higher tax receipts; taxes as a share of the economy are now at their highest level since World War II. Getting a better grip on government spending will require throwing away the budget process set up by the Watergate Congress and making something better.



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Rep. Christopher Cox (R-Calif.) is chairman of the House Policy Committee.

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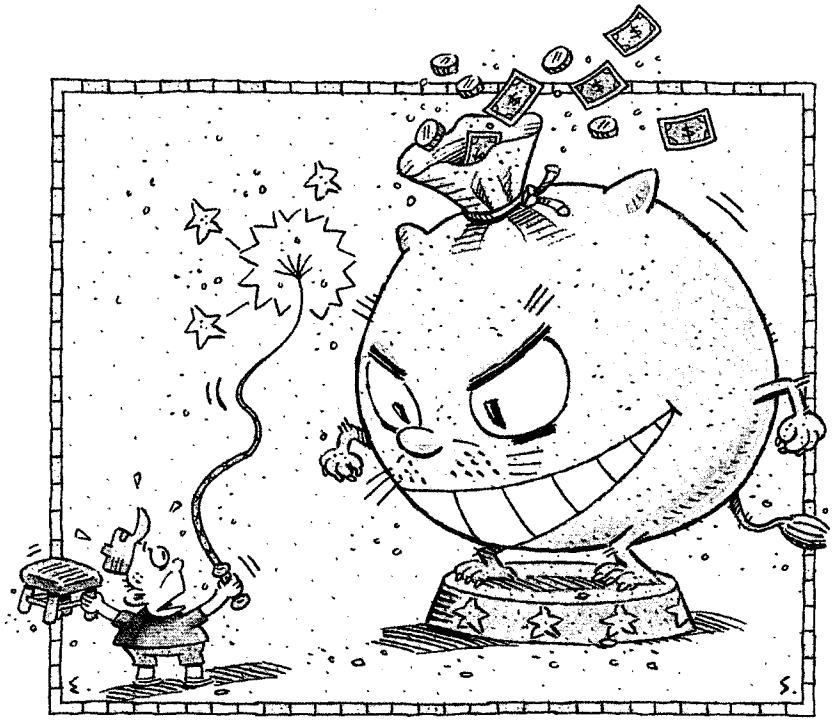
HOW I TAMED THE GOVERNMENT



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While politicians in Washington mostly tread water, a number of the nation's mayors—Democrats and Republicans—have rolled up their sleeves and made real efforts to tame their local governments. These men have taken on union featherbedding, contracted out the delivery of city services to private firms, sold off inefficiently used government assets, and generally forced overweight city bureaucracies to shed fat and shape up through the magic of free-market workouts. The American Enterprise had Bill Kauffman and Rich Miniter speak with four of the country's most successful government executives about their reforms.

FOUR BOLD MAYORS DESCRIBE WHAT IT TAKES

- Mayor **Stephen Goldsmith** of Indianapolis
- Mayor **John Norquist** of Milwaukee
- Mayor **Bret Schundler** of Jersey City
- Mayor **Michael White** of Cleveland

Stephen Goldsmith

Mayor of Indianapolis

Stephen Goldsmith, a Republican, is America's high priest of privatization. In five years, he has contracted out over 70 city services, including operation of the airport, and sold dozens more outright. Many other mayors have sought his counsel, but none can equal Goldsmith's record in using real competition to improve government services.

TAE: When you assumed office, what was your city government like?

GOLDSMITH: Compared to other cities, we were relatively well managed, but the costs of government were too high, the infrastructure was deteriorating, the planning was aimed more at wealth redistribution than wealth creation. Many large cities have tried to tax their way out of poverty, a perverse strategy that aggravates the flight of wealth and population. This was visibly demonstrated on a billboard in one of our wealthier suburbs that read, "Move to Anderson. Save thousands on your property taxes."

TAE: Indianapolis had done what a number

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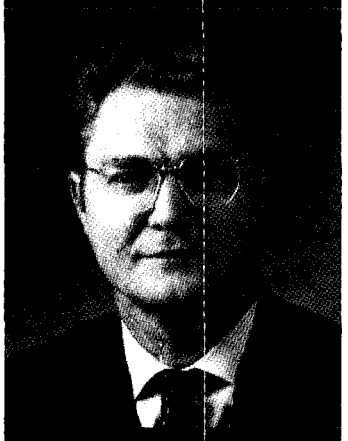
We found that when you put public services out for competitive bidding, not only does the cost come down but the quality goes up. Now we bid out about 75 services.

—Mayor Goldsmith



America has a school-choice system for cities—people with money choose to live in a different town.

—Mayor Norquist

of other cities are now trying to do, namely, incorporate suburbs into the city in an attempt to capture their tax revenues. That didn't work, did it?

GOLDSMITH: Annexation won't solve a city's problems. You can't annex your way out, and you can't tax your way out, of economic decline. Wealth is pretty mobile now, with faxes and modems and interstate highways, so this strategy of, "if wealth moves, keep moving and grab it" seemed self-defeating.

TAE: You started your reforms with very prosaic efforts like pothole-filling.

GOLDSMITH: My first day the local chamber of commerce presented me a $1 billion bill for deferred infrastructure investment they wanted done. That's a lot of money for Indianapolis. Our goal was to do what we could without raising taxes. We found that when you put public services out for competitive bidding, not only does the cost come down but the quality goes up. Now we bid out about 75 municipal services. Our wastewater treatment plant is one of the nation's most efficient; offering it up to international bid gave us a 44 percent savings.

TAE: The early idea of privatization was that just the private sector would bid, but you allow city employees to bid, too.

GOLDSMITH: We guarantee our unionized city workers the right to place a bid before we out-source. We also provide consulting services to them to help them get a bid together. Where the union leadership is good, the workers productive, and the equipment good, they can compete.

TAE: You haven't lost many union jobs because you allow them to bid?

GOLDSMITH: Although our non-public-safety work force is down 45 percent, we've not laid off union workers. We have lost some through attrition. But most of the dislocation has been at the management level.

TAE: You sold your wastewater management contract to a French company, and you sold the management of the city airport to a British company. You believe in looking around the globe for the best managers?

GOLDSMITH: Lyonais of France is one of the largest water companies in the world; it employs more Ph.D.s than we do total employees. They use their management talents, their technology, but our workers. Our union workers have more opportunity, better pay, but we're saving money because of the superior management.

Anybody can save money by doing things worse. The challenge is to save money and do things better. In this case—the largest wastewater privatization in the country—the quality of the water is up, the amount of water treated is up, and the cost is down.

TAE: How did you overcome union opposition?

GOLDSMITH: We went to the unions and said "We will treat you fairly if you choose to compete, but if you choose not to compete we will not continue to do things the old way." To their credit, they responded.

TAE: Are they happy now?

GOLDSMITH: The employees are well paid. Conditions are better. There are fewer supervisors, which means workers have more authority and more discretion.

TAE: Before you bid city recordkeeping out to a private company, the Indianapolis microfiche records were so bad that state courts would not accept them. You turned that around fairly quickly.

GOLDSMITH: We started with the microfilm/microfiche because it was so bad, and we thought if we made a mistake in privatization there, no one would care. It was an internal monopoly that provided bad service for our citizens. That first privatization was a huge victory in terms of quality, price, and improved service.

TAE: How do you decide if it's worth bidding out a government service instead of just ending it and letting the market do the work?

GOLDSMITH: The threshold question is: Should government be in the business at all? We decided, for instance, that we didn't want to be in the golf course business. We don't have a chance of being any good at it.

TAE: You have said that if there are several firms in the Yellow Pages already doing the job, the government doesn't need to do it.

GOLDSMITH: If a number of companies are in the same business, cities can assume they are not the lowest-cost provider.

John Norquist

Mayor of Milwaukee

John Norquist is the most intellectually adventurous of the reform mayors. His influences range from libertarian to socialist, and he is a fierce critic of modern architecture. A Democrat who has held the line on taxes and spending, Norquist is at perpetual war with his city's teachers' union.

TAE: Is it possible to cut government spending while improving services, or is this just a think-tank fantasy?

NORQUIST: You're *more* likely to improve

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services if you cut the size of government. Our health department used to measure its performance by how many immunizations it gave to children. When families started going to their own doctors to be immunized, our health department was threatened. So they required that people come to the city, which meant more cost and less convenience. We reversed that. The only reason the city had done this differently before was to protect the narrow interest of its employees.

TAE: Can public-employee unions be won over to reform?

NORQUIST: I really haven't. I've managed to be elected three times but I've never had the support of the government workers' union. Some of the unionized parts of city government, like our assessors' office and our inspectors, have actually led change and innovation. But if the goal becomes having good union relations, you can get bogged down and miss the goal of improving the quality of service and reducing the burden on the taxpayer. The unions will buy into that some of the time, but sometimes they will resist.

TAE: You've had little success winning over the Wisconsin Education Association.

NORQUIST: I'm for school choice, including religious schools, and they aren't.

TAE: Won't school choice and vouchers disperse children into neighborhoods far from their homes?

NORQUIST: That's what's happened under the no-choice system. You have forced busing. Desegregation plans are still around, even though in a lot of cities most of the population is now African American. The school system is busing minority children out of one minority neighborhood into another. It doesn't make any sense.

Every criticism of what would supposedly happen under school choice already happens under our monopoly government system. America *has* a school-choice system for cities—people with money choose to live in a different town. That doesn't bother the public-school establishment because then the student is just in another public school.

Look at higher education. We've got school choice there too. People come from all over the world to go to college in Chicago. Nobody comes to go to K-through-12 public schools in Chicago.

TAE: You believe government highway building programs have done damage to American life.

NORQUIST: The best thing would have been to have no federal transportation program. Thanks to Senate Majority Leader Lyndon Johnson's obsession with taking care of his friends in the road-building industry, we ended up with this massive federal subsidy of highways. Among other things, these giant traffic machines drove most private transit systems out of the market.

TAE: Are you opposed to federal subsidies for mass transit?

NORQUIST: If you could squash the entire road-building agenda of Bud Shuster [chairman of the House Transportation Committee], that would be good for cities. Eliminate all the highway spending, eliminate all the transit spending. The federal government helps people drive faster and faster between increasingly insignificant destinations. They've created this pop-up cartoon landscape with buildings that have no lasting value—just a sprawl culture that people find disgusting and unsatisfying.

The favors handed out by the federals are skewed towards artificially subsidizing rural development. Figures show that Wyoming gets a lot more back from the federal government than they pay in. New York gets back about a third of what they send into the federal government, but everybody in Wyoming probably thinks they're subsidizing New York. The federal government is really a rotten deal for cities. The whole idea of trying to get money out of them—

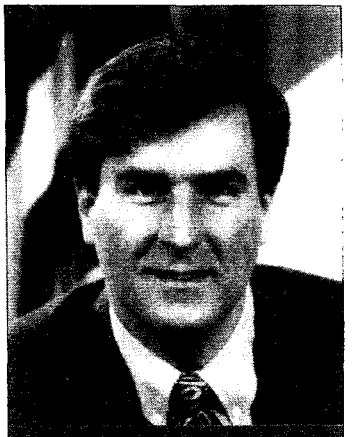
TAE: ...which is the main agenda of the U.S. Conference of Mayors...

NORQUIST: I don't belong to the Conference. They've done some good things, but I dislike the idea of begging from a debt-encrusted federal government. Instead of wasting our time doing that, we should be advocating lower taxes at the federal level, so that they don't suck so much money out of the cities. The federal government taxes New York and Milwaukee and then distributes the money in a way that doesn't help us.

Bret Schundler

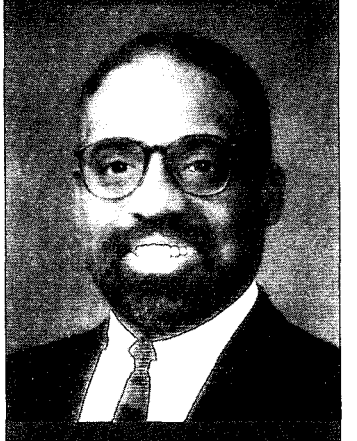
Mayor of Jersey City

The anomaly of Bret Schundler—a fresh-faced Wall Street Republican winning election as mayor of overwhelmingly Democratic Jersey City (just across the Hudson from lower Manhattan)—made him a media star when he was first elected in 1993. Now Schundler is into his second term and the seemingly intractable problem of taming stubborn bureaucracies—including the local police.



Privatization is an efficiency issue because it provides competition, and that creates a natural accountability. But it also lets us give control to the person the service is intended to help.

—Mayor Schundler



Citizens are not trapped, tax-paying animals. They have choices between various places. Either cities compete or we die.

—Mayor White

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TAE: Is there a way to win public-employee unions over to privatization?
SCHUNDLER: It depends on the union, but certainly it's not easy. We privatized the management of our water utility. We convinced the union to endorse our proposal because we guaranteed there would be no layoffs. We had had layoffs in other departments; so I think they felt that it was the lesser evil to accept private management with a no-layoff guarantee.
TAE: Police unions have been called Republicans' favorite unions. Have you found them difficult?
SCHUNDLER: Extremely. Police unions are used to telling people what to do. They're not used to taking orders.

In free-market competition, you have bottom-up accountability; if you don't keep the customer happy, you go out of business. In the military, you have a top-down command structure; if you don't take orders, you get put in the brig. In a police union, you have a top-down system with civil-service protections; if you don't do what you're supposed to do, it's still hard to be fired. We really have to struggle to persuade them to want to do what we want them to do.

In every city, they are the single biggest union by far. Of Jersey City's 2,800 city employees, 875 are police officers. Not only can the police have a labor action, but they can end up harassing opponents during labor disputes, as I've seen.
TAE: You encountered resistance to your plan to put more officers on the street, didn't you?
SCHUNDLER: We had a lot of officers who were doing filing and interoffice mail delivery and so forth. We civilianized those positions and put the extra police on the street. We also changed the work schedule to get more officers on the street, and they were working more days.

These things reduced crime, but they also created a lot of labor strife because people don't want to work more days. Somebody with a desk job may have liked sitting at a desk. So typically they would sue us for an unfair labor practice. We have won most of these cases, but it's enormously expensive and contentious every time you try a common-sense reform.
TAE: The police function: Could that conceivably be contracted out?
SCHUNDLER: A lot of it can be contracted out. A lot of it *is* being contracted out. Businesses all over America hire private security. Condominium associations do it. There are many opportunities for privatization.

Even the tax-collection function, which has historically been almost 100 percent governmental, doesn't have to be. We've converted tax liens into private securities in Jersey City. We've contracted with a private firm to do a lot of our foreclosure work on abandoned properties that no longer pay taxes.
TAE: Is privatization a simple matter of efficiency or is there a deeper philosophy underneath it?
SCHUNDLER: Privatization is an efficiency issue because it provides competition in the provision of services, and that creates a natural accountability. But it also lets us give control to the person the service is intended to help. For instance, one reason for school vouchers is to allow the recipient of the service—the family—to decide who's going to be the provider. Markets are going to work to offer parents the things they value in a school.

Michael White

Mayor of Cleveland

Democratic Mayor Michael White has the city of Cleveland in the black for the first time in a long while. A 1990 deficit of $7 million has been turned into today's surplus of $25 million. At the same time, crime has fallen sharply, the downtown is rejuvenating, and interesting experiments are improving the schools.

TAE: They used to call Cleveland "the mistake by the lake."
WHITE: At my first cabinet meeting in 1990, I said to them that when I was 14, there were 939,000 people living in town. Twenty-four years later, there are only 512,000 left. Something this government isn't doing right has caused us to lose half our population, and we'd better find out what it is and rectify it.

Citizens are not trapped, tax-paying animals. They have choices between various places that provide competing bundles of public services. Either we compete or we die.
TAE: You have a new light-rail system downtown.
WHITE: You cannot have a great town with only a great downtown. If people come to Cleveland right now, they see the light rail, the stadium, the Rock and Roll Hall of Fame, but not one person's going to move to Cleveland because of that stuff. They're going to come to Cleveland if we have clean, decent, safe neighborhoods. And so we've created housing incentives. We rewrote the housing code, which was a great rulebook for 1937, but it didn't do diddly-squat for 1997.

When I became mayor, I couldn't get any developers to build homes here. They just laughed. From 1980-89, Cleveland built 536 houses—not per year, that was the entire decade. From 1990-97, we've built 2,400, with another 2,000 on the drawing boards that'll be done by the year 2000. I brought the developers and contractors in and said, "Tell us what's wrong." They told us that our code was outdated, that our inspection and oversight methods were too costly. They made 87 recommendations. We implemented 83.
TAE: There's been a historic drop in crime in Cleveland. Why?
WHITE: One, we have 225 more officers on the street today than we did three years ago, and that was done not by hiring more people but by getting police officers from behind the desk into direct patrol. Second, we have extensive community policing. When officers were first moved from foot patrol into cars years ago they quadrupled the space they could patrol. But over time the neighborhoods changed, and officers became pinballs bouncing from call to call and never interacting with citizens except in emergencies. The community and the police weren't talking to each other.

We reinstituted the first foot patrols here in 50 years. We overlaid that with a bicycle patrol in every single district. We also have a park-and-walk program where officers in the cars have to get out so many hours a week and walk down the street.

We've also installed a citywide Court Watch Program. Residents show up, get Court Watch buttons, and sit in the front row, viewing the proceedings and the sentencing. Unless the judge is blind, he'll get the message. It really gives citizens a chance to zero in on recurring "bad actors" of the community.

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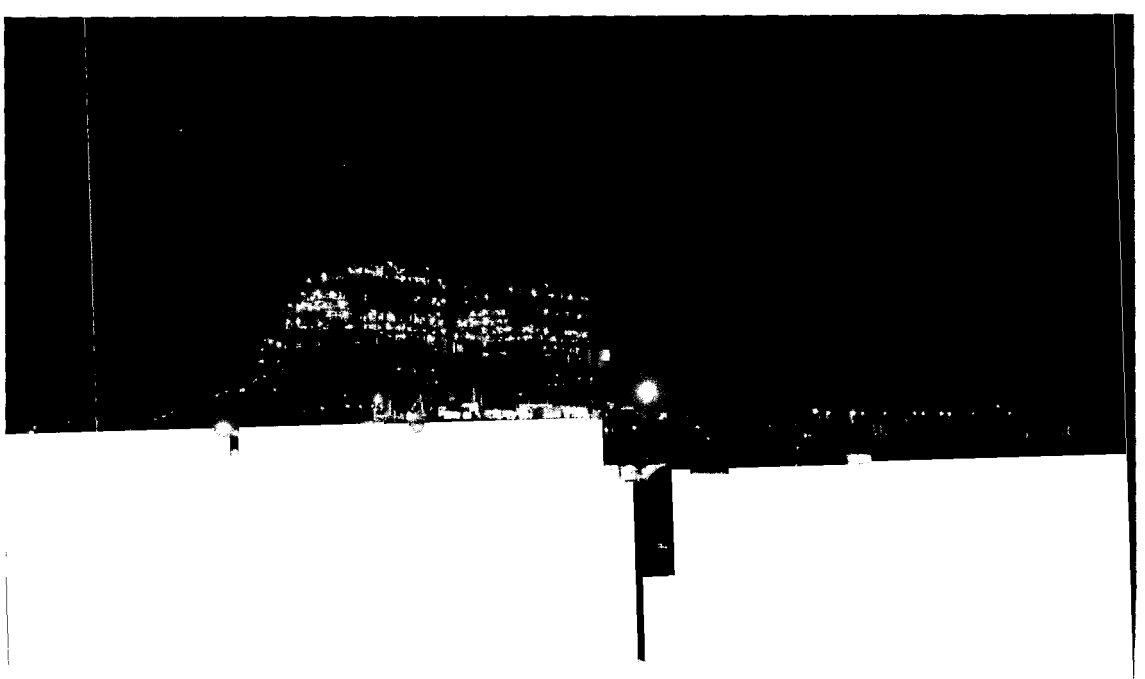
Privatization on a Roll

Governments find they can deliver services better and more cheaply by contracting the work out to private companies and non-profits

The most immediate and lasting way to reduce the size of government and improve the efficiency of public services is to shift the responsibility for producing them from government bureaucrats to private managers. After beginning with a trickle of experiments in the 1980s, privatization has grown into a major global movement. ◦ *Privatizations of former government operations around the globe totaled $86 billion in 1996—an all-time record high. And when World Bank researchers examined the performance of 61 privatized operations in 18 different countries last year, they found that the privatized companies increased their output by 27 percent, on average, and their profitability by 45 percent. Two-thirds of the privatized firms also hired more workers after they were spun off from the government; overall employment rose 6 percent.* ◦ *There is rising awareness in the U.S.—even among politicians—that competition and privatization produce better results than government monopolies. The National League of Cities recently surveyed 500 local elected officials and found that of the 70 percent who had had experience with privatization, 74 percent said it was a success.* ◦ *The Los Angeles-based Reason Foundation, the country's leading research institute on this subject, has issued an annual report on privatization since the mid-1980s. Following are excerpts from their just-released 1997 installment, which was edited by Adrian T. Moore.*



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The 104th Congress was the most pro-privatization Congress in U.S. history.

The 104th Congress was the most pro-privatization Congress in U.S. history. Privatization caucuses were created in both the House and Senate, serious bills to sell off federal assets and enterprises were debated (and a few passed), and more federal functions were outsourced. Still, compared to most other countries, our federal privatization effort remains very small.

Congress enacted legislation to sell off two federal assets and two federal enterprises. The assets are the $1.5 billion Naval Petroleum Reserve in Elk Hills, California, and the tiny Helium Reserve in Texas. The enterprises are the $1.5 billion U.S. Enrichment Corporation and the tiny Alaska Power Marketing Administration, whose assets are being purchased by local electricity co-ops. A bill to sell three of the other four federally owned power authorities fell victim to heavy lobbying by special interests.

Congress also authorized the sale of 14 percent of Connie Lee (which guarantees loans to colleges and hospitals) and the privatization of Sallie Mae (the college student-loan marketing agency). Efforts to privatize the U.S. Postal Service, however, went nowhere.

Federal auctions of radio spectrum amounted to $11 billion in 1996. What has been auctioned, however, is not the actual spectrum, but merely the renewable right to use a particular bandwidth for a certain number of years. Full ownership would be worth considerably more.

A final 1996 divestiture was the background-investigation unit of the Office of Personnel Management. With financing from Marine Midland Bank, the unit became an employee-owned company, U.S. Investigations Service, and was given a three-year contract to continue doing background checks on potential federal hires. This was the first federal privatization to make use of an employee stock-ownership plan.

Several highly visible federal operations were also contracted out during 1996. The private United Space Alliance was awarded a six-year, $7 billion contract to operate NASA's space shuttle. The contract includes preparing shuttles for flight, astronaut training, and Mission Control operations. NASA will continue to direct the missions and make major launch and in-flight decisions.

The U.S. Postal Service signed the first of six planned contracts to outsource its regional information centers. Teletech Facilities Management won a $67 million agreement to operate the center in Denver—despite strong protests by postal-worker unions. The Postal Service plans to contract out the remaining five centers soon.

The Department of Defense has privatized some bases that are in the process of being closed. In 1996, the Naval Air Warfare Center was given to the city of Indianapolis, which held a competition for a 10-year lease on the facility. The winner was Hughes Technical Services, which will hire virtually all 2,500 base employees but save the Pentagon an estimated $1 billion over a decade. A similar privatization was arranged for the Naval Ordnance Station in Louisville, Kentucky, where United Defense and Hughes Missile Systems took over the station's work.

Welfare

State governments now spend nearly $30 billion a year just to *administer* welfare programs. Federal legislation passed in August 1996 now allows states considerable flexibility in using private contractors to deliver welfare services, and many are hoping that private companies will help them cut costs. The American Public Welfare Association reports that over 30 states are considering or have already contracted with private companies for tasks ranging from screening welfare applicants to running work programs.

In California, Governor Pete Wilson included a section in his welfare-reform plan that would allow counties to "enter into performance-based contracts with nonprofit or for-profit companies to operate all or parts of their welfare programs." Private contractors have already been used in California's welfare system to handle bookkeeping, collect delinquent child support, and computerize record management.

Wisconsin is privatizing welfare using methods similar to California's. Milwaukee was carved into six regions and contractors were invited to submit bids to administer aid, with each contractor paid a flat amount to screen, train, and place clients in jobs. This provides a strong incentive to find work for the clients, because otherwise the contractor could lose money.

Since July 1996, Fairfax County, Wisconsin, has been contracting with a for-profit firm called Maximus for case management and work services. The company has placed 600 out of 630 recipients of Aid to Families with Dependent Children in jobs, with 570 of them still holding their jobs by year's end. Maximus was able to begin its program less than two months after winning the contract, as it didn't have to follow onerous civil service or procurement rules.

Texas has put out to bid a five-year contract to run its $550 million per-year state welfare system. The state hopes to cut the costs of managing 30 social programs and 690,000 recipients through competition. Service quality is also expected to improve because the winning bidder will be required to offer "one-stop shopping" for services like food stamps, welfare payments, and health care. "If you've got 20 different programs that are income-based, you've got to know the person's name and Social Security number, and it makes perfectly good sense to ask these questions once instead of 20 times," Human Services Commissioner Michael McKinney told the *Washington Post*.

Some cities are also privatizing management of their programs. In June 1996, Newport, New Hampshire (population 6,100), contracted with Community Alliance of Human Services, a local nonprofit, to run its welfare department. The contract has reduced the city's welfare costs by 50 percent.

Welfare-to-work programs provide another promising area for privatization. Typically, these contracts are performance-based, meaning the state pays the firm only for clients actually placed in jobs. For example, America Works receives about $1,000 when a welfare recipient is placed in a job, and $4,500 if the recipient stays on a full-time job for at least six months.

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Since 1990, Kenosha County, Wisconsin, has funded a multi-provider job center for welfare recipients that offers job training, placement, and retention programs. The 18 providers at the center compete against each other for contracts.

In San Francisco, welfare recipients without small children are now required to attend an employment training program administered by the private firm Curtis and Associates. Each month, from 40 to 60 percent of the people in the program are placed in jobs, and the program has a dropout rate less than half what it was when the city ran the program.

Child Welfare Services

It's clear that many state-run foster care systems are badly run. Three locales now offer promising models for states and counties interested in making improvements.

Michigan's Department of Social Services is required to place foster children with a private agency unless there is a religious conflict or no qualified private agency is available. As a result, about two-thirds of foster care and adoption placements in Michigan are now made by private agencies. Michigan uses financial incentives to reward and penalize these groups. If an agency fails to place a child in a qualified home within eight months after the child has been freed for adoption, it loses over $2,000 in payments from the state. If an agency finds a home for a difficult-to-place special-needs child, it receives a bonus of $3,000.

In 1996, Kansas became the first state to privatize all of its adoption, foster care, and family preservation sector—by contracting them out to a 13-agency consortium led by Lutheran Social Services. The nonprofits in the consortium are confident that over time they will vastly improve on the state's performance.

Sarasota County, Florida, has also turned over its foster care and adoption programs to a group of nonprofits led by the Sarasota YMCA. The coalition also provides services for abused, troubled, and drug- and alcohol-addicted children. The Sarasota County Human Services Department will buy and monitor child welfare services, but will not administer them. Separating the purchasing and providing of these services is expected to increase accountability. This privatization came partly in response to a 1996 state law that encourages the contracting-out of human services to community agencies.

Education

According to John McLaughlin, editor of the *Education Industry Report*, the private education industry grew by 20 percent in 1996. The stock price of 30 publicly traded education companies rose by 60 percent last year, according to EduVentures, compared with a 26 percent rise in the Dow Jones Industrial Average.

In some cities, children are being steered to private schools to reduce demand for construction of new public schools. Homebuyers in the Patterson Park section of Baltimore, for example, are provided with up to nine years of free education at St. Elizabeth School, thanks to the East Fayette Street Community Development Corporation and the Abell Foundation.

There continues to be a trend toward sending difficult-to-educate students to private schools. Reason Public Policy Institute analyst Janet Beales reports that more than 10,000 difficult-to-educate students now obtain public money to attend private schools. For example, four Massachusetts public school systems contract with a single private high school to handle the lowest-performing 10 percent of their students.

Meanwhile, school choice programs continue to expand. In fall 1996, 2,000 students participating in the Cleveland scholarship and tutorial program enrolled in private schools. Low-income students in kindergarten through third grade are eligible for scholarships worth 90 percent of tuition costs, up to $2,250. (Parents must pay the remaining 10 percent.) Over 6,000 students applied for the 2,000 scholarships, which were awarded by lottery. The Cleveland program allows students to redeem their vouchers at religious schools, and 31 of the 51 private schools participating in the program last year were Catholic parochial schools. Meanwhile, Milwaukee's school choice program, now in its eighth year, annually funds 1,500 low-income students in private school slots. (Both the Cleveland and Milwaukee programs are being attacked in the courts by opponents.)

The Edison Project continues its effort to be a contractor for public schools. The project now runs 12 schools nationwide and has spent more than $45 million for curriculum development and school management. The schools are in Boston, Kansas, Colorado, Florida, Michigan, and Texas. The project hires its own teachers and administrators, most of whom are not members of any union. Enrollment at Edison Project schools is dominated by minorities and children from disadvantaged and middle-class families, often with mediocre academic records or chronic learning problems.

Charter schools, where teachers, nonprofits, and for-profit organizations manage public schools, continued to expand in 1996. The Center for Education Reform reports there were 480 charter schools in operation as of November 1996. There were 214 new charter schools in nine states opened that year, and fresh charter-school laws were adopted in Connecticut, Illinois, New Jersey, North Carolina, South Carolina, and the District of Columbia. Arizona led the nation with 164 charter schools, followed by California (109) and Michigan (76).

Many of the new charter schools are operated by private companies. Education Alternatives, while losing contracts to manage the Hartford and Baltimore schools, has contracted with home developers to build 12 schools in Phoenix over the next three years. In addition, some of the Edison Project schools are operated as charter schools.

Prisons

The number of private prisons in the U.S. rose from 104 in 1995 to 132 in 1996. The number of inmates in these facilities rose from 63,595 to 85,201.

One of the most talked-about prison privatizations was in the District of Columbia. The District agreed to sell one of its penitentiaries to Corrections Corporation of America (CCA) for $52 million. The contract requires CCA to achieve American Corrections Association accreditation for the facility (which it currently lacks) within 24 months. The contract also requires almost $4 million in capital improvements to the 800-bed medium-security facility.

North Carolina completed a deal with U.S. Corrections to build two 500-bed medium-security private prisons. The $140

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Compared to most other countries, our federal privatization effort remains very small.

million contract requires U.S. Corrections to build and operate the facilities for 10 years.

In Arkansas, the state signed a deal with Wackenhut Correction to build and operate the state's first two private prisons. The two 600-bed facilities will cost a total of $39 million to construct and are expected to open in late 1997. The state is financing the construction with tax-exempt bonds and is leasing the facilities to the Arkansas Department of Corrections. The bonds will be paid off with revenue from state prison farms, which earn over $4.5 million a year. Once the bonds are paid, the Department of Corrections will own the facilities.

The city of Appleton, Minnesota is finally seeing some success with its local prison. Five years ago, the city spent $28 million to build the 500-bed prison in the hopes of cashing in on other states' excess prisoners. At first the city had trouble finding inmates to house and could not make their bond payments. Then, when they did find prisoners, their inexperienced staff had trouble keeping order. In the fall of 1996, Corrections Corporation of America paid off the bonds for the prison and immediately began a $25 million expansion. When work is completed this July, the facility will house over 1,000 inmates. Local officials point out that CCA is only taking one year and $25 million to complete 512 new beds, while a nearby state prison is taking eight years and $89 million to provide 950 beds.

Emergency Services

Two more municipalities in 1996 turned over their firefighting responsibilities to the private sector. In Rye Brook, New York, Rural/Metro signed a multi-year contract to provide fire service. Wackenhut Services signed a three-year, $17 million contract to provide protection for part of Lee County, Florida. The fire commission says that the contract will save the district more than $550,000 over that period.

Meanwhile, a few communities contracted for private ambulance services in 1996, including Gila Bend, Arizona, and parts of Augusta, Georgia. In San Diego, Rural/Metro won a five-year contract in March 1997 to run the city's ambulance service in concert with the fire department.

Police departments are increasingly turning to volunteers to expand community-policing programs. The San Diego Police Department uses 800 volunteers for a variety of purposes, including house checks for people on vacation, fingerprinting, marking abandoned cars, and providing support to victims, witnesses, and other survivors of traumatic situations. The department estimates that at least $1.5 million is saved annually through volunteer work. Volunteer police programs also exist in Atlanta, Denver, Phoenix, Orlando, Charleston, S.C., and other cities.

Private security firms are receiving a boost from the growing number of business improvement districts (BIDs), where merchants pay fees for extra security, cleaning, and other services. About 1,000 BIDs existed in the U.S. in 1996, and, among other successes, they have helped reduce crime. In the Los Angeles garment district BID, brightly dressed security guards on bicycles have trimmed local incidents by 20 percent. The Grand Central BID in New York City has hired private security patrols and produced a 60 percent drop in area crime.

Some private security services are raising guard pay and spending more time training and equipping them. The firm Critical Intervention Services, for example, provides security to over 50 low-income apartment complexes in Florida using armed guards in bulletproof vests. CIS officers work closely with local residents and landlords, and have achieved an average 50 percent drop in crime in the complexes they patrol. Local police declare they find CIS guards reliable and helpful.

Zoos

Today, fully 60 percent of the nation's 172 accredited city zoos are privately run to some extent. The Pittsburgh Zoo, which became privately managed in 1994, is an example. It has tripled its annual budget from $2.3 million in city funds in 1994 to $7 million in private funds in 1996. Since privatization, the zoo has created 40 new jobs, opened the first part of a $5.2 million children's zoo, and increased its animal collection to 4,500, adding new endangered species.

Private zoos tend to attract generous donations from the private sector. The Norfolk Botanical Gardens in Virginia received a $1 million donation the day it stopped being a government entity and went private. In San Francisco, the nonprofit San Francisco Zoological Society raised $12 million after the city's zoo was privatized. In Walnut Creek, California, the Lindsay Museum of Nature and Wildlife gradually became private in the 1990s. According to museum officials, they now have more than 3,000 individual and corporate donors and "wouldn't have gotten a lot of these grants if we had become city-funded."

Airports

In 1996, Congress passed a bill that permits up to five government-owned airports nationwide to be sold or leased to private firms. At least one of the five airports must be a general aviation airport, and only one can be a "large hub" airport. Success at these pilot locations could bring widespread privatizations of government-owned airports elsewhere.

Allegheny County, Pennsylvania (which includes Pittsburgh), is gearing up to be one of the first privatizations. In January, local authorities turned over management of the airport on an interim basis to their privatization consultant, Infrastructure Management Group. Somewhat earlier, the Port Authority of New York awarded a $1.1 billion contract to redevelop, expand, and manage the International Arrivals Building at Kennedy Airport to Schiphol, a Dutch airport owner/operator. New Haven, Connecticut, has contracted out the management of its airport to Johnson Controls World Services. Together, these actions brought the number of privately managed U.S. airports to 21.

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Transcript

WORDS WORTH REPEATING

LEFT AND RIGHT CALL FOR LESS WASTEFUL GOVERNMENT REGULATION

A statement calling for an end to inefficient government regulation was released recently by scholars from the Brookings Institution (a liberal think tank), the American Enterprise Institute (a conservative think tank), and Resources for the Future (an environmental group). Here are extracts from An Agenda for Federal Regulatory Reform:

Government regulations have grown dramatically in recent decades. The authors of this statement believe that the current approach to federal regulation urgently needs repair.

The problem is not simply that current expenditures mandated by regulation are large—on the order of $200 billion annually for environmental, health, and safety rules alone. A substantial share of those expenditures is ineffective. More intelligent policies could achieve the same social goals at much less cost, or more ambitious goals at the same cost, scholars across the political spectrum now agree. Recent legislative debates have masked a broad consensus among knowledgeable observers on the need for regulatory reform, and we have written this primer in the hope that the current Congress will devote greater attention to fashioning needed reforms.

We do not take the view that all regulation is bad or that all regulation is good. We should judge regulations by their individual benefits and costs. Some regulations like policing against racial discrimination may be desirable regardless of their economic impact. But in an era when regulation imposes very substantial costs in the form of higher consumer prices and lower economic output, carefully assessing the likely benefits and costs of rules has become a central task of responsible government.

While deregulating some specific industries has led to substantial economy-wide gains in recent years, the steady rise in social regulation—which includes environmental, health, and safety standards, plus other government-imposed rights and benefits—has had mixed results. Research shows that some regulations, such as the requirement for safety caps on aspirin bottles, have actually led to increased risks.

We have identified six critical problems in the way regulation is carried out today:

- Congress frequently does not allow agencies to consider costs in developing regulations. Congress almost never requires regulations to pass an explicit benefit-cost test.
- Congress frequently specifies the technical means for achieving regulatory goals instead of letting consumers and firms decide how they can best achieve the goals without wasting resources. Scholars have shown that by designing more flexible rules, regulators could achieve better results at a lower cost.
- Neither Congress nor the regulatory agencies set priorities on a routine basis. As a result, there are wide differences among regulations in the costs of achieving a given benefit (such as lives saved or extended).
- The economic information on which regulations are based and promulgated is often weak and biased. Agencies spend few resources to collect high-quality information on the benefits and costs of regulations. They have an incentive to overstate benefits.
- In recent years, legislators have used regulations as a way of promising voters something without incurring government budgetary costs.
- The federal government regulates, with "one-size-fits-all" rules, many activities that are best left to states and localities.

To address the problems outlined above, we offer some recommendations.

Recommendation: Congress should require that all new regulations costing more than $100 million annually pass a benefit-cost test. Congress should move away from setting uniform standards for things like smokestack emissions or food safety, and instead encourage flexibility so long as overarching goals are achieved. Congress should return to the states responsibility for such local issues as waste disposal and safe drinking water.

Recommendation: The president and Congress should improve the quality of regulatory benefit-cost analysis.

Recommendation: Congress should require regulatory agencies to report each year to the American public on the benefits and costs associated with their rules. Regulatory costs tend to be hidden from view, with consumers rarely aware of the several hundred dollars they pay for pollution control equipment on a new car, for instance, or the costs associated with recent proposals to improve airline safety.

Recommendation: Congress should expand the capacity of the U.S. Office of Management and Budget and the Congressional Budget Office to analyze the economic impacts of major regulations.

Recommendation: Congress needs to scrutinize existing regulations as well as new ones. It should review at least ten important existing regulations each year, with an eye toward modifying them to ensure that they produce benefits in excess of costs. Those regulations that cannot be modified to pass such a test should be eliminated.

Recommendation: Congress should experiment with a regulatory budget that sets annual limits for regulatory costs imposed on society.

Our conclusion is that federal regulation is in urgent need of reform. If Congress continues to allow regulations to be produced without much attention to their economic consequences, there is a very real danger that the standard of living Americans enjoy will erode.

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In Real Life

FIRST-PERSON AMERICA

ONLY IN A SMALL TOWN

By Hendrik Mills

I work in a Norman Rockwell painting. It's a tire and auto repair garage in rural Montana, where I'm a mechanic. We don't have a pot-bellied stove to heat us through our long winters, but aside from that detail it's more or less a *Saturday Evening Post* cover come to life whenever, say, Bill Stuart comes in the door.

Bill is almost 70, and rarely has anything fixed by us. He doesn't have to, as he has his own well-outfitted workshop at home. Like a lot of men around here he long ago mastered the arts of welding, tinkering, driving semis, and other useful rural skills. An ex-farmer and a school-bus driver, Bill makes a daily or twice-daily visit to our garage, lasting anywhere from 10 minutes to an hour. He first helps himself to our coffee, then, paying no attention to the "liability and insurance issues" that keep customers out of the back rooms of big city repair garages, walks into the work area to see what we're up to.

Bill may offer updates on the high-water situation around Thirty-Mile Creek, which has been flooding near where he lives. His comments are added to the reports and speculations on local creeks and dams already being tossed about by patrons standing around watching their pickups or tractor tires get worked on. Like many customers, Bill feels free to rest his elbows on the fender of whatever vehicle I'm currently toiling over, and to stick his head under the hood. He asks me what I'm up to, and offers advice about the vehicle, perhaps even information about the vehicle's owner. Then he'll ask me something like, "Is that big black thing over there the computer?" Or something about the car will recall a story, perhaps about the days when he had a whole crew of men driving grain trucks for him. He doesn't repeat his stories.

If there's one thing an auto mechanic likes, other than being paid, it's being admired for competence in fixing broken cars which others can't. A mechanic likes to preserve some mystery about "how he does it," to guard his arcane knowledge and back room procedures,

I CAME TO ACCEPT OBSERVATION AND INTERVENTION ON THE PART OF VILLAGE BYSTANDERS AS A PRICE I WAS WILLING TO PAY TO LIVE IN A CLOSE-KNIT COMMUNITY.

so that all the customer sees is the miraculous appearance, after several hours of who-knows-what, of his repaired car, now humming reassuringly. In our shop we charge $30 an hour, and in many cases the customer just has to trust that we're really working steadily and skillfully to fix the short in their wiring, or the glitch in their fuel injection system. If there's a $120 labor charge on a work order, we all want to feel that all of that time was spent productively on the problem.

That's why, when I first came to this rural outpost to live and ply my trade, I didn't much like having the customer, his wife and two children, Bill Stuart, Skrud Brekke, and the rancher waiting to have his truck tire repaired, all watching me scratch my head over the customer's wiring problem—and even offering pointers on how to do it! It tended to irritate and annoy me considerably when, as I studied the wiring diagram for the car in question, and poked my voltmeter leads here and there, Bill would casually point to a connector and ask me, "Why don't you try plugging that red wire back together?" and then pull deeply on his cigarette while watching my response. Sometimes I get to explain to the ignorant bystanders that the whosiwhatsit has nothing to do with the whatchamacallit. But other times the dratted bystanders are right! This sort of thing tends to erode one's

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treasured image as an expert who knows things that the layman couldn't possibly understand. Most city mechanics would find this sort of daily interference maddening, even intolerable, as I once did.

But can city mechanics leave their own cars parked outside all day unlocked with the keys in them? If a customer can't get there before closing time can urban tradesmen leave a minivan on the lot and be able to count on the customer coming in later and paying the bill? When it's bitter cold can you go to the local grocery store and see a row of cars idling unlocked at the curb while their owners shop inside, not a bit worried? In anonymous cities, if your car is stuck in the snow can you hail the first passerby, by name, and get pulled out? If you want a word with your state representative do you just wait a few weeks until he comes in with a flat in the back of his pickup, boots smeared with cow manure, and free to hang around for a chat? All of these things happen, and are thought normal, in our small ranching community.

I first came to accept observation and intervention on the part of village bystanders as a necessary evil, the price I was willing to pay to live here. But then I began to notice that even when they've seen him stumped and confused, our shop customers and drop-in visitors don't judge the mechanic harshly as long as he persists and eventually fixes the car. Customers don't watch you maliciously with lawsuits on their mind. They, especially the male ones, would just rather stand watching the mechanics struggle with their pickups, amidst the loud racket and questionable chemicals, than sit reading old magazines in the waiting room. You can look at it as community participation, not interference.

These kibitzers can even be useful. A few days ago Bill helped me force the air out of a customer's brakes, by sitting in the cab and pumping the brake pedal while I opened the bleeder screws. Later that afternoon he showed up with his power bleeder, a device which permits one man alone to do the job. He's going to let me use it, he said, because his leg had gotten sore from all that pedal stomping in the morning.

My wife and I hope to buy this repair garage from Paul, the 78-year-old founder and owner. We won't make many changes. And we won't put up a sign that says "No Customers Allowed in Work Area."

Hendrik Mills lives with his children and wife in Harlem, Montana.

A CHILD'S EYE VIEW

By Suzy Ryan

Some time ago, I was eating lunch with my five-year-old son Keegan when the phone rang. A friend was calling to report exuberantly that a mutual acquaintance who had mulled over having an abortion had finally decided against

YES,

YOU DID GET REALLY FAT,

BUT MOM,

IT IS STILL WRONG TO

THROW YOUR BABY IN

THE TRASH.

it. After changing her mind many times, she and her husband chose to add the new baby to their family.

Overcome with joy, I dropped to my knees in thanksgiving. Momentarily, I forgot my son, who questioned, "Who are you praying for Mom?" After a quick petition for discernment I said, "A woman who did not get rid of the baby in her tummy."

As Keegan silently kept eating, I breathed a sigh of relief that I had skirted such an emotional issue with honesty. But about five minutes later my son asked, with a puzzled look, "Mom, how would she get rid of the baby?" Immediately I stopped cleaning-up and I looked straight into his innocent eyes. Mentally formulating an appropriate response, I waited for the words, but they evaded me. Tears spilled over my cheeks, as Keegan asked, "Would she put the baby in the trash?" With the silence finally broken, I gently replied, "Yes, Keegan."

Totally indignant, Keegan opined, "Mom, she should give the baby to someone who wants one, like Janie." (Janie is a friend who has tried without success to conceive a child.) "Honey," I stumbled, "pregnancy is hard on a woman's body. You're sick and tired all the time, and remember how big my tummy was with your brother and sister?" Keegan pondered my words and answered, "Yes, you did get really fat, but Mom, it is still wrong to throw your baby in the trash."

Out of the mouths of babes! With those simple words, the abortion issue took on new clarity. As I contemplated my past fence-riding days my heart ached over my own timidity. I sorrowfully remembered how I had failed a close friend who confided her own desire for an abortion years earlier. When she called for my opinion I tried not to appear judgmental, advising "I wouldn't do it, but I understand that you believe this is your only alternative." Continuing the pregnancy and placing her baby up for adoption would delay her college career. Under the banner of compassion, I absolved myself from any responsibility for her problem. Yet I had the means to provide her another alternative. She could have lived with me and gathered support until finding a suitable couple for her baby. But she was naive and anxious, and I gave her zero options. My response was born of convenience. Obviously, the ultimate decision was hers, but today I would handle my end of that situation very differently. And, today, my friend regrets her impetuous decision to carry out her abortion.

It's strange how often children instinctively know the truth. My son immediately grasped the transgression in "throwing your baby in the trash." So how do so many college freshmen manage to overlook that? What are we teaching our children between five and eighteen?

Suzy Ryan is a writer in southern California.

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the Education Economist

When It Comes to Schools, the U.S. Lags Europe in Shrinking Government

By George W. Liebmann

American schools have traditionally been governed by local boards that oversee a regional school district. Originally, most districts encompassed one or two schools, but over time districts have merged and bloated into progressively larger, more bureaucratic entities. Now the country only has 15,000 school districts, down from the nearly 109,000 that existed in 1942 with a population half the size of today. This is not progress.

Teachers' unions, finding they could more easily get their way in big districts, have encouraged states to force districts to consolidate. To accomplish this, states use financial pressure, prohibitions against incorporation of new districts, aid formulas that discriminate against small districts, and county-wide rather than district-wide votes on mergers. Sometimes states just mandate consolidations directly.

The upshot is that governance of U.S. schools has increasingly become a professional monopoly, far out of the control of average citizens. Districts are large and hard for parents or individual board members to influence. Professional superintendents make day-to-day decisions. Selection of principals and teachers is dictated by detailed, confining craft rules.

In many districts union contracts make it virtually impossible to remove incompetent teachers, change classroom procedures, hire teachers who are not education majors, or institute distinctive local reforms. The following extract from Baltimore's current teachers' contract gives a sense of how little discretion local school managers have: "The employee with the least amount of seniority shall be identified for layoff.... No teachers will be hired in areas where a layoff has occurred until the teachers laid off have been recalled....Teachers shall not be required to perform...school cafeteria duty... playground duty...detention duty...the duplication of teaching materials."

Compounding all of this is a web of federal and state laws, and court decisions that straitjacket local administrators. Some protect the "emotionally handicapped" against school discipline. Others prevent drug testing, locker searches, and dress codes. There is growing dictation of curricula. And teaching to non-English speakers and disabled students is now strictly—even harshly—regulated by higher authorities.

By contrast, nearly all major European countries have recently decentralized their school authorities. The European Union's Maastricht Treaty explicitly calls for new ways to involve parents in controlling local education.

Even in traditionally centralized **France** there has been little American-style consolidation of schools in recent decades. At last count, there were over 10,000 primary schools in France with only a single class—proof of the determination of communities to retain their own small, independent schools.

As a result of reforms in 1975, each French *collège* (serving 12- to 15-year-olds) and *lycée* (15-18) was given a School Council presided over by the principal and including five teachers, five elected parents, five community representatives, and two students (five for *lycées).* Every primary and nursery school has a council made up of teachers and parents that reviews spending and writes school rules regarding safety, attendance, grades, transport, dress, student activities, and so forth. A committee of this council reviews disciplinary cases. The parent-teacher council also may comment on teaching.

The actions of these local parent boards have helped sweep away much of the uniformity that once characterized French education. The councils have also defused major controversies—as by allowing local option on questions of sex education and whether students may wear the Islamic veil. One observer comments that "a whole concept of the school as an almost-closed professional preserve has been swept away" by these reforms.

German schools also have elaborate provisions for parent participation. These include class councils, school councils, and provincial councils, capped by a national parent organization. In North Rhine-Westphalia, every secondary school has a school conference made up of 12 teachers, six students, and six parents which advises on methods of instruction, school finances, and examinations. Parent conferences successfully fought efforts to lower academic standards in 1978.

In Hesse, an article of the state constitution declares that "Parents and guardians have the right to participate in decisions on the general formation of educational policy." The Hessian Supreme Court held in 1958 that formation of educational policy was illegal without parental participation, and parent councils received veto powers over "the adoption of school rules and organization" and "planning of the curriculum of the school."

In **Britain**, the Education Reform Act of 1988 provided for drastic decentralization of the schools. Boards composed of parents, teachers, and local officials control most of the school budget and have authority at every locally supported school to appoint and dismiss staff. In addition, schools may separate themselves from the local authority and receive direct

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grants from the central government, in which case their boards must include five parents, one or two teachers, and the principal. These changes are said to have "enfranchised parents and created a quarter-million army of school governors." Although popularly credited to the Thatcher government, the groundwork for these changes was laid in a 1976 speech by Labour Prime Minister James Callaghan.

School decentralizations similar to those in Britain have also occurred in **Australia** and **New Zealand** (mostly under Labor governments). In the Australian state of Victoria, "every public school," one observer explains, "now has a school-site council of parents, teachers, and, for secondary schools, students." Operating within a framework of state policies and priorities, these councils set educational policy for the school, approve the budget, and evaluate the educational program.

Since 1970, schools in **Denmark** have had parent-elected boards with one member chosen by the local government, two teachers and the principal without voting rights, and seven parent representatives. These entities have authority to submit budget proposals, prepare short-lists of teacher candidates, promulgate school rules, and approve teaching materials.

In **Ireland**, schools are generally sponsored by religious denominations and receive government subsidies for all teachers' salaries, plus 90 percent of building and equipment costs, plus 75 percent of maintenance costs. Under legislation enacted in 1976, each school has a board of management consisting of representatives of the sponsoring organization, teachers, and parents. This board has authority to govern the school, disburse funds, and appoint and remove instructors.

Similar provisions creating school councils were enacted in **Spain** in 1985 and in **Portugal** in 1991. Portuguese schools have long had parent representation on class councils handling discipline. Since 1982, councils of parents and teachers have been created at every school in the **Netherlands**, and school boards must meet with them at least twice annually.

Italy has boards for each school and each class. These consist of six parents, six teachers, the principal, and one other representative, and they have authority to act on the budget, to acquire teaching equipment, and to oversee extracurricular activities. Ninety percent of teachers and 70 percent of parents participated in the initial elections for these boards. School councils increasingly request waivers from national requirements in order to test various reforms and local innovations. Since the requests come from an elected body with parent representation, they have a legitimacy that helps them overcome resistance from educational bureaucracies.

NEARLY ALL MAJOR EUROPEAN COUNTRIES HAVE DECENTRALIZED THEIR SCHOOL GOVERNANCE.

Switzerland's schools have long been radically decentralized. In many Swiss cantons, local towns have full control of the primary schools. Almost invariably, these jurisdictions are so small as to maintain only one institution, or two or three smaller, scattered schools. In many places, the local school's teachers are elected to their positions for short terms in a town meeting of the entire community. In **Belgium**, too, very small jurisdictions have wide powers over primary schools, even though they typically bear only one-third of the construction costs, and none of the teaching costs of running them.

In the United States and Canada, local citizens with real authority at the level of the individual public school are almost unheard of. In some big cities, large subdistricts have been created over clusters of neighborhood schools, but these regional school boards are dominated by politicians and teachers' union officials, not parents. Unfortunately, the highly visible dereliction of some local boards in New York City and a few other places has sapped enthusiasm for community control of schooling.

California, Florida, and South Carolina have had state-mandated school advisory councils in recent decades that were completely powerless. One of the few small movements toward more local parental governance was a 1985 Massachusetts law that created school improvement committees for each public school. These are empowered to spend state aid at $15 per pupil annually. Even this timid initiative was amended in the course of enactment to reduce the per pupil amount from $50 and to provide district-wide school boards with a veto over committee decisions.

American history has ample precedent for decentralized direction of schools. Jefferson's original design for ward government contemplated primary schools of 40 students, each supported by a ward of five or six square miles containing a population of about 500. In the 1960s and '70s, controversies over busing renewed interest in the idea of neighborhood schools. Congress eventually declared it "the policy of the United States that...the neighborhood is the appropriate basis for determining public school assignments."

Except for limited experiments in New York City, Hawaii, and Kentucky, however, little provision exists for school-based governance today. One source of hope is the move by some states to allow the creation of a small number of "charter schools" that are publicly funded yet reasonably independent institutions. "Chartering" *all* public schools and allowing them to govern themselves would be a great breakthrough, but thanks to fierce opposition from teachers' unions no serious effort has yet been made. A much-criticized Illinois court decision obtained by the unions for a time overruled efforts to allow elected boards of parents and teachers at each school in Chicago.

Robert Dahl once argued "it would be folly to think that a single mass-produced model stamped out according to eternal patterns can possibly fit all the kinds of associations we need in order to cope with our extraordinarily complex world." This advice continues to be ignored at American public schools, but the examples of Britain, Australia, Denmark, Switzerland, and others show how to remedy this defect.

George W. Liebmann is author of The Little Platoons: Sub-local Governments in Modern History *and* The Gallows in the Grove: Civil Society in American Law *(forthcoming).*

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Flashback

TO KNOW NOTHING OF WHAT HAPPENED BEFORE YOU WERE BORN IS TO REMAIN EVER A CHILD—*Cicero*

The Beats Go On

The recent deaths of poet Allen Ginsberg and novelist William S. Burroughs occasioned a round of impolite obituaries accusing the dear departed and their Beat Generation pals of being subversive perverts. Yet whatever unconventionalities went on behind closed doors, their politics were squarely American: the Beats were libertarian heretics in an age of statolatry.

Beat icon Jack Kerouac was a Robert Taft Republican throughout his life. In 1952, in the predawn of his notoriety, Kerouac supported the stolid Ohio conservative for the GOP nomination while his buddy Ginsberg, son of a "Communist beauty" mother, talked up plutocratic Cold Warrior Democrat Averell Harriman, of all people. (The Beat "Adonis of Denver," cowboy drifter Neal Cassady, said "it makes not one whit of difference who gets it.")

Kerouac's political comments read like *Chicago Tribune* editorials. In a 1948 letter, he cursed Harry Truman:

> "The war scare I think is just for the sake of squeeze-playing Congress into voting Universal Military Training and the Marshall Plan. It's a dirty administration with dirty tricks—creating 'emergencies' for its own political ends...I think we should *arm* and just dare anybody to attack, but I don't think we should be the aggressors, that wouldn't pan out."

Kerouac subscribed to and avidly read *National Review* and once appeared on William F. Buckley, Jr.'s "Firing Line," where he drunkenly uttered the immortal words, "Flat-foot Floogie with the floy floy!" He painted pictures of the Virgin Mary and Pope Paul; he disliked the Vietnam War as well as its protesters: "I'm pro-American and the radical political involvements seem to tend elsewhere.... This country gave my Canadian family a good break, and we see no reason to demean said country."

The prematurely cadaverous Burroughs was an anarchist who'd have fit very nicely into a conspiracy chat room. His favorite political writer was the hard-right polemicist Westbrook Pegler. In a typical passage, Burroughs imagined an American future of "ever-increasing governmental control over the private citizen, not on the old-style police-state models of oppression and terror, but in terms of work, credit, housing, retirement benefits, and medical-care: services that can be withheld. These services are computerized. No number, no service. However, this has not produced the brainwashed standardized human units postulated by such linear prophets as George Orwell. Instead, a large percentage of the population has been forced underground. How large, no one knows. These people are *numberless*."

To be number-less, without a number or government ID tag choking your neck, was about the best the misanthropic Burroughs could hope for. He was fond of saying, "No problem can be solved. When a situation becomes a problem, it becomes insoluble. Problems are by definition insoluble. No problem can be solved, and all solutions lead to more problems." Not exactly sloganeering for the Great Society.

The third member of the Beat triumvirate, Allen Ginsberg, was more predictable and less interesting than the others, but at least he outgrew his red diapers. He devoted his political energies to libertarian causes: the legalization of marijuana and homosexual relations, and, later, denunci-

UPI/Corbis-Bettmann

Jack Kerouac

ations of the CIA. Despite his matrix, he never fell for the Communist con. He held Cuba and postwar Vietnam to be "police states," and he accused American Sandinista-groupies of "cowardice."

"I don't like the government where I live," Ginsberg sang, and his anarchistic bone was large enough that he'd have sung the same tune no matter where he lived.

The Beats ran deep in an American vein. They loved their country, whatever they thought of its government. In a 1959 manifesto defending baseball, the crucifix, and "the glee of America, the honesty of America," Kerouac declared, "Woe unto those who think that the Beat Generation means crime, delinquency, immorality....Woe unto those who spit on the Beat Generation, the wind'll blow it back."

The spitters have outlived the Beats. But softly the wind soughs.

—Bill Kauffman

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BIRD'S EYE *continued from page 7*

In a late-September essay in the *Wall Street Journal*, conservative thinkers Bill Kristol and David Brooks suggest an entirely different course. They want conservatives to stop being "unfriendly" to government. "Wishing to be left alone isn't a governing doctrine," they complain. They voice no objection to Bill Clinton's "let government do it" mode of operating; if anything, they would like conservatives to offer an extra-strength version of his "trivial" and "petty" elixir. Conservatives in office should rule with the aim of establishing "national greatness," they write, citing Teddy Roosevelt as their favorite exemplar.

Left-wingers jumped jubilantly on the Kristol/Brooks essay as proof that "the era of bashing government is ending," as liberal columnist E.J. Dionne put it. Dionne bubbled enthusiastically that "Using government on behalf of 'national greatness' could get you right back to the New Deal." When he asked Kristol about this in a follow-up interview, my friend Bill replied, "Are we willing to say that the country is worse off because of FDR or JFK or LBJ? I'm not willing to say that."

To be fair, Kristol and Brooks describe the activist government that they want to pursue as "limited but energetic." But what does that formulation mean in practice? Maybe something like Bill Clinton's Food and Drug Administration? Isn't the idea of "limited but energetic" government akin to being just a little bit pregnant?

National greatness conservatism, the K/B essay asserts grandly, "would use federal power to preserve and enhance our national patrimony—the parks, buildings, and monuments that are the physical manifestations of our common heritage." As I read this I thought: If we do that, then on what grounds will we say "no" when national greatness *liberals* offer to, say, refurbish our families for the twenty-first century? How do we respond to someone who wants the government to preserve and enhance our common inheritance of public schools in precisely their current manifestation? What will a national greatness conservative say to a national greatness liberal who proposes to energetically use federal power to *fix* a few of the problems in our common heritage? They certainly have lots of creative ideas in areas like race, the distribution of income, and the absence of women in the engineering profession.

This enthusiasm for "responsible strong government" is, in practice at least if not principle, hopelessly quixotic. To take just one example, will conservatives who favor solving national problems via energetic government employ government racial preferences—"just keep 'em reasonable"? Or are conservatives against government preferences simply because they're morally wrong? Last time I read the tale, Pandora's Box had to be either open or shut.

But these practical obstacles weren't the first mental image that formed as I read that passage about using federal power to refurbish the nation. My first image was of the Statue of Liberty. There is a piece of national patrimony if ever there was one—our national symbol. Now please recall exactly how the Statue of Liberty fared under the stewardship of the government's National Park Service (Teddy Roosevelt's baby). It rotted away! It had to be closed for fear its stair-lined arm would break off under the weight of schoolchildren. It was only a rescuing cavalry charge by private-sector America (led by businessman Lee Iacocca) that prevented this sacred asset from becoming as run down as some government housing project. It was *non*-governmental America that got the place restored and open again. Is there maybe a little lesson in this?

Kristol and Brooks invoke the Panama Canal as the kind of grand undertaking that could only have been achieved by government. Perhaps. But the fact is, the Panama Canal was planned and begun by a private company. And keep in mind exactly what it was that brought the canal to completion when that effort bogged down: A war. Specifically a war against Colombia waged by Kristol/Brooks hero Teddy Roosevelt. It's true governments are unsurpassed at war. That is exactly the kind of big, crude, ugly, sometimes necessary undertaking that only a government can carry out. It is precisely on war-footing that men like TR, FDR, and LBJ thrive, and that "national greatness"-style governance comes in most handy.

But we are currently living in peaceful times, and most of us Americans don't really miss the struggle. The two great challenges facing us today are how to keep our wondrously fecund private economy purring along, and how to repair our national culture where it has been dangerously damaged by a loss of moral bearings. Are Teddy Roosevelt's shades going to help us with these things?

Before I slag any more on Teddy Roosevelt, let me point out that invoking his administration as a model for activist government is dicey in the first place. People who celebrate TR's energetic administration should keep in mind that at the end of his term in office the federal government had a grand total of 360,000 civilian employees. (Today there are 3 million.) TR's final budget spent about $400 per American in 1997 dollars; this year's federal roughriders spent over $6,000 per man, woman, and child. If celebrating TR means going back to the scale of government he had at his disposal, you can sign me up. The level of rule in modern Washington verges on the totalitarian compared to Teddy Roosevelt's day; perhaps admirers of his America should be trying to shove the train of government back closer to the position it occupied then, not nudging it further in the direction it's travelled in the years since.

People who look at our society in earlier eras, see greatness, and then credit strong politicians are mostly making a big mistake. At its very peak under TR, federal spending totaled 2 percent of the national economy. (Today we are at 21 percent.) Very few of the great things that happened during most of American history happened because the government did them. It is overwhelmingly our private and voluntary sectors that have made our country great.

Then as now.

Let me suggest that if we as private citizens take care of today's little things—the nearby things—then national greatness will take care of itself. Forget about missionary work mandated from Washington: Build up your business. Pour yourself

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into your own children and those who live in your neighborhood. Give generously to your church and charities. Beautify your house and yard and village. Buy worthy, enlightening products. Read, think, and debate in the public square. And eschew distant, impersonal projects for improving mankind ginned up by utopians who love humanity so much they are too busy to introduce themselves to their next-door neighbor, and too weighted with great responsibilities to spend the time necessary to make their sons and daughters into honorable people.

Do these things ourselves and America will glitter more brightly than Rome ever did. It is only fairly recently that people in this country got the notion that accomplishing great things requires great leaders, great budgets, and great powers. Observing us in our young adulthood, Tocqueville wrote: "In the United States I am even more struck by the innumerable multitude of little undertakings than by the extraordinary size of some of their industrial enterprises.... One is therefore in daily astonishment at the immense works carried through without difficulty by a nation which, one may say, has no rich men." And no rich emperor, I might add. This is still our remarkable strength, though many elites fail to realize it.

There is an old Persian parable of a man who was asked "Which is more important, the sun or the moon?" He answers thoughtlessly: "The moon. Because the sun shines during the day, when it's bright already, whilst the moon appears at night when we need the light." When Kristol and Brooks credit activist politicians for the vigor of American life in earlier eras, when they write that "the revitalization of our local civic life depends, ultimately, on our national political health," when they urge Americans to reach for greatness using government, I believe they too confuse illuminator with illuminated.

The reality is, all kinds of great things are being done in America today. Spectacular private buildings are being erected. Joyful music is being written. A vast span of charitable organizations is healing millions of hurting people. Computers are being taught to listen, and speak, and otherwise serve man. The fruits of pharmaceutical commerce are banishing hideous diseases. The companies of the Iridium partnership have just ringed Earth with a necklace of satellites that allow instant, inexpensive wireless conversation between any two rovers of the globe. Transcendental religious renewal is under way. I see greatness all around me in America.

It's true we cannot point to much in Washington or other seats of government that would qualify as great. What precisely would today's advocates of greatness in governing hold up as their paradigm to be replicated? The space shuttle (recently privatized)? Amtrak? Injecting democracy into Somalia and Haiti (great successes those)? Maybe something done in the last 30 years by the Department of Commerce, or Housing and Urban Development?

Is giving every poor person a laptop computer as Newt Gingrich has suggested a great-government idea? Who is likelier to solve our energy requirements in the future—high-minded government workers at the Department of Energy, or some private company you haven't even heard of yet? Are today's racial frictions likelier to be ameliorated by government action or by cultural evolution and moral regeneration? What are the chances government action will make things worse?

My own prescription for federal encouragement of the sublime in America is a time-tested one: Just get out of the way. Government must keep the peace, and establish some rules, but beyond that it should minimize the temptation to inject itself into our national business.

"An American political movement's highest goal can't be protecting citizens from their own government," write Kristol and Brooks. Oh really? What exactly inspired the American Revolution but the determination of the colonists to be protected from the government that was ruling over them? What are the Constitution and the Bill of Rights if not efforts to protect citizens from their own government by clearly defining its limits? What are the Madisonian checks and balances between executive, legislative, and judicial branches (so maddening to men who love to govern) except efforts to protect citizens from their own government?

The founders and greatest patriots of America were all *ardently* interested in protecting individual citizens from the combine of the state. Tom Paine described government as "a necessary evil." I would argue this is *the distinguishing characteristic of our national system*, the deepest quirk that insulates us from the Europeans, Asians, Africans, and others who have repeatedly been brutalized by their own rulers over the same 200 years that Americans have burgeoned in mostly peaceful freedom. Speaking for myself, I'll not trade away our legacy of modest government for more public monuments or longer canals.

At the very same time heads of state in France, England, Japan, and other nations were living and decreeing amidst royal splendor, George Washington was presiding over our nation's government, which totaled 350 employees in all its branches, from a small Philadelphia house he had furnished with his own money. He had three cabinet advisors, and two people on his personal staff. When they went on vacation he wrote his own letters. At one point, Washington and a couple of assistants decided to tour the South. The President slept in inns along the way, with the innkeepers having no idea he was coming. The tour lasted three months, and for almost two-thirds of that time the government could not keep track of where the President was.

This was no fluke of our early history. One hundred years later, just before the turn of the twentieth century, there were still only 21,000 people working for the federal government in Washington, D.C. There simply isn't any tradition of imperial government in this country until the New Deal and World War II. Ours has been the greatness of a very lightly ruled nation, and it is to that riotously successful template that we should be returning today.

So stay the course, conservatives. Shrink—*really* shrink—government and you will thrill millions: libertarians, traditionalists, free spirits, buttoned-down tax serfs. Contemporary America awaits her true political liberators.

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BookTalk

WHITE HOUSE DANCING MADNESS

By Jesse Walker

Trail Fever: Spin Doctors, Rented Strangers, Thumb Wrestlers, Toe Suckers, Grizzly Bears, and Other Creatures on the Road to the White House
By Michael Lewis
Knopf, 299 pages, $25

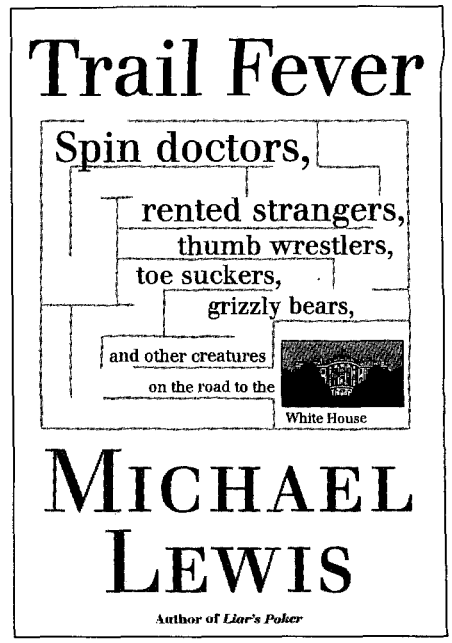
I can't be the only person who, during *The New Republic*'s fallow months of 1996, found little to read in its pages besides Michael Lewis's campaign coverage. After the early excitement of Iowa and New Hampshire wore off—and the funnier candidates abandoned the race to the well-greased Dole and Clinton machines—I realized that Lewis wasn't just the sole reason I was reading *The New Republic*: He was also the only reason I was paying any attention to the race. For me, the campaign had been reduced to someone else's literary exercise. Now that series of aerobic essays, revised and collected between hard covers, has been published under the name *Trail Fever*.

Here is Lewis on Lamar Alexander: "Although Lamar is forever using the word 'vision,' his pitch is that he is *not* someone else—he's *not* Washington, he's *not* a negative advertiser, above all he's *not* Clinton. But of course he *is* Washington, he *is* negative, and, above all, he *is* Clinton, at least in his ability to tell everyone exactly what he wants to hear." And on the President: "Not since Nixon composed his list of enemies has there been such a frightening and shadowy idea as Clinton's list of friends: Lani Guinier, Webster Hubbell, Vince Foster, Marian Wright Edelman, Susan McDougal, Mac McLarty, Hillary Clinton." Not surprisingly, Lewis gathered more attention and accolades than any campaign correspondent since Hunter Thompson covered the 1972 race for *Rolling Stone*.

Thompson, of course, was a leading light of the New Journalism, a movement to enrich reporting with subjectivity and literary quality. Lewis (whose earlier book *Liar's Poker* was often compared to another early-70s New Journalist text, *The Money Game*) proves that the former New Journalism has become comfortably mainstream. Lewis may not offer the "subjective journeys" of a Thompson or a William Burroughs, but his personal style is far closer to what Tom Wolfe or Norman Mailer was doing 25 years ago than to what *The New Republic* was publishing back then.

So is his conviction that the real story lies far away from the central rituals of modern campaigning—charades which, these days, include the well-known clichés of what goes on "behind the scenes." (The Clinton campaign, Lewis notes, discovered that the most effective spinning calls attention to its own mendacity, much like Sprite's "Image Is Nothing" commercials.) Thus, he is more interested in a candidate's hastily scrawled debate notes than the debate itself, because the former tells more about the candidate's personality.

Lewis would also rather write about the losing candidates than the winners, because the losers were the only ones to talk about real issues. So he spends weeks following Pat Buchanan, Alan Keyes, and, especially, Morry Taylor, the Midwestern businessman who emerges as the book's unlikely hero. In *Trail Fever*, Taylor is transformed from a minor presidential hopeful into a major literary character,



one who, thanks to Lewis, will no doubt be remembered far longer than, say, Lamar Alexander, whom most of you have forgotten already. "We all have a fantasy, and it is profitably exploited by Hollywood, that if only an honest and genuinely free man with a heart of gold ran for President, everything in the world would be put aright," Lewis explains. "Well, now we know what happens when an honest and genuinely free man with a heart of gold runs for President. He spends $6.3 million and gets seven thousand votes."

By drawing such wealth from the margins of the race, Lewis shows the central difference between his project and Thompson's. Thompson was offering an alternative to stuffy mainstream journalism, the stiff pieces filed by the boys on the bus. *Look*, he told his readers: *this is what a campaign is really like*. But Lewis is writing in a day when anyone who cares to see what a presidential campaign is "really like" can simply turn on C-SPAN. (In 1992, the channel broadcast 15 minutes of a nearly nude Paul Tsongas wordlessly wandering around a swimming pool, preparing to dive in for a TV commercial. After that, Thompson's famous interview-at-the-urinal seems tame.) Lewis looks for truths hidden not by walls built to keep Presidential campaigns hidden from the real world, but rather by the walls that keep the real world out of view during campaigns.

A modern presidential campaign seems less like a political exercise than an artistic one, a place for the artful speech,

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the artful lie, the well-choreographed convention, the slyly directed commercial. At their best, literary pursuits like Lewis's also turn campaigns into art. This, I suspect, is the future of American elections. Every four years, a dancing-madness will zigzag across the country, a quadrennial ritual for litterateurs to chronicle and voters to ignore. Democracy may survive, but only by staying as far from that circus as possible.

Jesse Walker is a Seattle-based writer.

CALIFORNIA SCHEMIN'

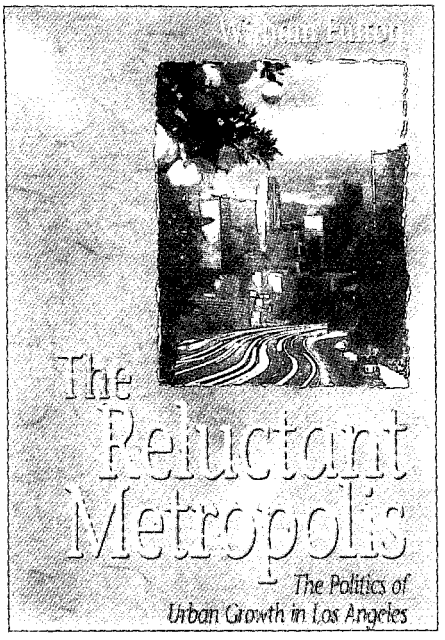
By Philip Langdon

The Reluctant Metropolis: The Politics of Urban Growth in Los Angeles
By William Fulton
Solano Press Books, 395 pages, $28.95

Los Angeles, the perpetual bad boy of American urban areas, enjoyed an unexpected flourish of intellectual respectability around 1971, when the iconoclastic English design critic Reyner Banham briefly settled among the palms and produced a slim but spirited paean of praise. His *Los Angeles: The Architecture of Four Ecologies*, with its startling assertion that Greater L.A. has in fact become an important cultural influence, helped rescue the city of surf, smog, and celebrities from its dismal reputation among the thinking classes.

Since then, however, the standing of L.A. among people who write about urban civilizations has slumped. Mike Davis's 1990 polemic, *City of Quartz*, the best if most venomously leftist history of L.A. published in this decade, caustically accused the region of trashing its potential. Now comes William Fulton's *The Reluctant Metropolis*. Though lacking Davis's vitriol, it presents L.A. in a similar light: as a region unwilling to organize itself to attack monumental civic problems such as the ruin of the South Central ghetto and the heedless destruction of the landscape.

Fulton weaves together an enormous range of facts from the past two decades about who's fought whom, what the sources of contention have been, and how events have unfolded. Because his antennae are keen to unintended consequences, and because he's been trained in planning as well as journalism, conservatives should not be surprised to find the Ventura-based writer attributing dismaying results to Proposition 13, the 1978 tax-cutting ballot measure that took a big chunk of revenue away from the local governmental establishment.



By reducing property-tax collections, Proposition 13 has caused municipalities to focus much of their attention on how to capture money from other sources, particularly sales taxes. Fulton traces how the fight for sales-tax revenue among three Ventura County communities—Oxnard, Ventura, and Camarillo—led them to turn farmland along Highway 101 into a retail stretch he dubs "Sales Tax Canyon." As he notes, "a single one-hundred-thousand-square-foot Price Club might generate $600,000 to $700,000 a year in sales tax." In the aftermath of Proposition 13, cash-hungry municipalities neither plan well, says Fulton, nor do they let the market dictate where development will occur; instead, they give developers sweetheart deals. He acerbically observes that "a retail store is a city's best cash crop."

Proposition 13 is one part of the evidence supporting Fulton's central thesis: that the Southern California "growth machine," which for decades liberally spent public funds on the freeway network and other infrastructure projects aimed at facilitating profitable consumption of land, has begun to collapse in recent years. Yes, governments will help underwrite developments that are expected to generate net tax surpluses, such as hotels and shopping complexes. But the old practice of using governmental resources to help spread houses, schools, and other tax-draining development across every grove and foothill won't fly anymore. Those who already own houses and other developed properties don't want to pay to subsidize construction at the region's fringe. When residential development does take place, a larger portion of its cost ends up being borne by developers and new-home buyers.

Fulton's other main point is that Southern Californians refuse to take seriously the interconnectedness of the whole region. When parents in South Central L.A., alarmed by neighborhood dangers, sent their adolescent children to live with relatives in safer outlying territories, the kids introduced gang violence to the distant locales. Ultimately, there is no escaping the ills of the metropolis.

Fulton contends that L.A. suffers from a refusal "to take responsibility for a metropolis and urban landscape that we ought to think is ours." Okay. But this demands an explanation of how the populace of an area the size of Connecticut would fulfill such a large and nebulous duty. Presumably Fulton is advocating some institutional arrangement, yet his portrayal of the organizations that have actually exercised some regional authority is anything but flattering. Even granting that a few smaller metro areas—most notably Portland, Oregon—have used regional government effectively, it is not clear that L.A., with its individualistic aspirations, its many divisions, and its huge size, could do the same.

In the aftermath of the 1992 riots, it was common for the national press to lament that establishment forces were not doing enough to revive South Central. Yet Fulton's stories illustrate—perhaps unwittingly—just how difficult it is for those who do not live in a particular place to help that place or its people. Community organizations in Greater L.A. and elsewhere, he notes, focus mainly on enlarging the supply of affordable housing. Yet it

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has not been proven that affordable (i.e., subsidized) housing is what's most needed. In fact, Fulton tells how the middle-class black homeowners of South Central opposed affordable-housing developments proposed by those who intended to do good, because it would come at the expense of existing homeowners.

Will the people in South Central save both themselves *and* the piece of geography they currently occupy? I'm doubtful. But bigger surprises have occurred; motivated and disciplined people can achieve practically anything. It's unlikely, however, that the metropolis will do it for them. So read Fulton for his well-told stories of how the cantankerous governments of a mammoth metropolis have conducted their affairs. But draw your own conclusions, because Fulton, diligent though he is as a reporter, has yet to offer a plausible blueprint for how L.A. might heal its many wounds.

Associate editor Philip Langdon's most recent book is A Better Place to Live.

PAPER TIGER

By Tom Switzer

The Great Wall and the Empty Fortress: China's Search for Security
By Andrew J. Nathan and Robert S. Ross
Norton, 268 pages, $27.50

The scenario of an expansionist China threatening to impose its will on Asia and the world has generated reams of articles recently. But is it accurate?

According to a group of left- and right-wing Sinophobes, this prospect is quite conceivable. In the words of *The Weekly Standard*, China seeks "to challenge America's position as the dominant power in the world." According to the authors of the much-publicized book *The Coming Conflict with China*, China "is bound to be no longer a strategic friend of the United States, but a long-term adversary." Because Beijing will apparently never abide by international norms and rules of behavior, it is pointless to try to accommodate its rise. The only policy Washington should pursue, *The New Republic* editorializes, is to "engage China adversarially" (read: strengthen U.S. military capabilities, deploy antimissile systems on the Chinese perimeter, and consolidate regional alliances).

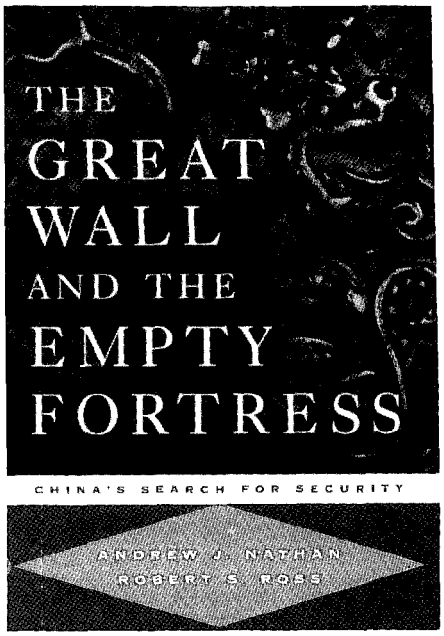
To all of which Andrew Nathan and Robert Ross provide a welcome antidote. In *The Great Wall and the Empty Fortress*, Nathan of Columbia University and Ross of Boston College present a detailed analysis of why China will not pose a threat to the United States any time soon. They argue that China is too weak to challenge Asian security and will remain weak for some years to come. It is defensively minded, vulnerable to military challenges on its seas, and obsessed with maintaining its territorial integrity. Although China possesses the largest army in the world, it is incapable of projecting power far beyond its borders.

Consider the People's Liberation Army (including the navy and air force), which is still equipped like a fighting force from the 1950s and '60s. Ninety percent of its aircraft is obsolete. According to the authors, the PLA may have fewer combat-ready troops than other nations whose military forces are, on paper, far smaller.

Since the late 1970s, Nathan and Ross maintain, China has pursued a cautious style of diplomacy aimed at maintaining the balance of power, not disturbing it. In its relations with Russia, Burma, Thailand, and the Koreas, China has pursued cooperative arrangements to promote stability. Further, Beijing has behaved responsibly in important international institutions, including APEC, the U.N. Security Council, and the ASEAN Regional Forum.

To be sure, China's meddling in the Taiwan straits and the South China Sea is a constant source of friction between Beijing and Washington. But contrary to accepted wisdom, Beijing's intent seems less to force reunification between the mainland and the island than to deter Taipei and Washington from changing the ambiguous status quo of the 1972 Shanghai Communiqué, in which the U.S. "acknowledged" the Chinese view that there is but one China and that Taiwan is a part of China.

With respect to the Spratly Islands in the South China Sea whose ownership is claimed by many other countries, China seeks to maintain historical claims rather than to extend new ones. Besides, possession would not enable China to disrupt



sea trade between East Asia and Europe and the Middle East. Nor would it provoke Malaysia, Singapore, and the Philippines. Indeed, as Nathan and Ross point out, the islands are not even strategically significant. They are either underwater much of the year or are too small to support the logistical facilities for naval operations or advanced aircraft.

All of which makes plenty of sense. But Nathan and Ross could better demonstrate the severity of China's problems by comparing its defense posture to that of the United States. Although they compare China's 1994 defense budget ($6 billion) to that of the United States ($282 billion), the authors hardly touch the broader military imbalance, which is just as stark. For example, as Congressman Lee Hamilton (D-Ind.) pointed out last summer, China has fewer than a dozen intercontinental ballistic missiles, whereas we have 755; China has roughly 300 strategic nuclear warheads whereas we have 11,000; China has no aircraft carriers whereas we have 12; China has approximately 50 top-of-the-line warplanes whereas we have more than 3,400.

Although they effectively discount the idea that China is currently a great power, Nathan and Ross fail to consider seriously the longer-term implications of China's current economic boom. True, China is relatively backward today. But what about China in 2020? Will a rising

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China, like all great powers, be entitled to a sphere of influence? The authors insist that the U.S. must maintain its military presence in Asia to preserve the regional balance of power. What is the real difference, then, between the balancing role for the U.S. to which Nathan and Ross subscribe and the hegemonic role demanded by American Sinophobes?

Still, *The Great Wall and the Empty Fortress* dispels much fog generated by politicians and pundits given to exaggerating the China threat. At present, at least, the scenario of an aggressive and expansionist China simply doesn't stand up under scrutiny, as Nathan and Ross convincingly demonstrate.

Tom Switzer is assistant editor of The American Enterprise.

RECOVERING FROM A BLAST

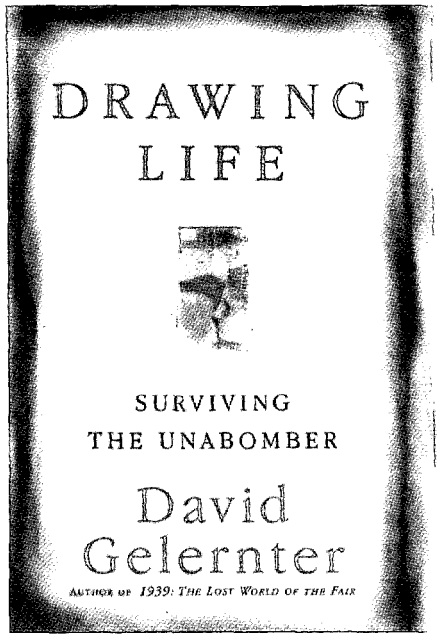
By Eli Lehrer

Drawing Life: Surviving the Unabomber
By David H. Gelernter
The Free Press, 155 pages, $21.00

In *Drawing Life: Surviving the Unabomber* Yale computer scientist David Gelernter mixes political commentary with personal history to create a book that, if nothing else, proves successful as a work of art.

The nominal catalyst for the book comes from a day in 1993 when a package from the Unabomber exploded in Gelernter's office. As a result of his injuries from the bomb, Gelernter spent the better part of a year in therapy and ended up without full use of either his right hand or his right eye. *Drawing Life* intermixes the story of his own recovery with his desire for a rebirth of forgotten traditions and institutions and patterns of life in American culture. It says little about the Unabomber—whom Gelernter calls "hut man"—but much about Gelernter and his own passions. Although he doesn't explicitly use the term until the book's closing pages, it's possible to read the entire work as a lament for the death of what Gelernter calls "low-church thinkers."

Low-church thinkers, a species Gelernter proclaims extinct, were deep thinkers



who, unlike the modern intellectuals Gelernter despises, did not hold themselves aloof from the middle class. Time and again, Gelernter uses E.B. White as the paragon of the type. He describes these bygone low-church thinkers as masters of technique, interested in popular culture, and, above all, strongly connected to the public and places they studied and wrote about. He argues that today's intellectuals have co-opted the low-church interest in popular culture and left nearly everything else by the wayside.

Quite consciously, Gelernter tries to take on the characteristics of these intellectuals, and in the more personal parts of the book he succeeds brilliantly. While he sometimes seems a bit self-absorbed (should readers really care about his wife's legs?), most of his personal asides and essays have a poetic quality. His musings on music and art are also insightful: his appreciation and overflowing enthusiasm for certain works prove infectious. Although the book's more serious parts are just as well written, it is something of a disappointment when Gelernter launches into political discussion.

In his political portions, Gelernter traces most of today's social problems back to what he calls the "intellectual elite." Today's elite, he says, took over the nation's leading institutions in the years after World War II, grabbing power from an older tradition-bound elite, and shedding the cultural influences of the old church thinkers. "Today's elite loathes the public," he writes. "Nothing personal, just a fundamental difference in world view, but the hatred is unmistakable."

He argues that the new elite follows a "civil rights religion" and values abstract tolerance above regard for goodness or social order. This overbearing tolerance has, according to Gelernter, resulted in "huge loses in the soundness of families and schools and cities and morals and morale." Gelernter saves his greatest wrath for the "perversity of historic proportions" he sees in modern feminism. In Gelernter's thinking, the movement's primary accomplishment has been the creation of new rules of sexual practice, family life, and economic responsibility that amount to "a utopia for loutish males." He argues that society would find itself better off if it restored homemaking to the honorable status it once held and did less to push women to go to work.

This book also contains asides on topics like the disintegration of tradition among Jewish Americans, the death penalty, and the media. Although the media frenzy that surrounded Gelernter after his injury proves amusing to read about, Gelernter doesn't develop these parts of his tale as much as he might. He replaces intellectual argument here with simple passion.

At times, Gelernter's enthusiasm for certain reforms tends to overwhelm his common sense. At one point, he says—only somewhat in jest—that he would "sell out" the entire conservative economic program "if it would buy me a modicum of national support for politics-free English language."

Those who disagree with Gelernter will have an easy time finding fault in this book. He cites little real evidence and provides few examples to back up his theories. Though relatively few writers are willing to say publicly the things that Gelernter does on subjects like feminism, it is difficult to find anything truly new in this book. Conservatives have been advancing most of its major arguments since the mid-1960s.

Ultimately, this book ought to be enjoyed on its own terms. Its problems, though real, stem from the book's highly personal nature. In this sense, they are pointless to criticize.

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Meanwhile the book will prove captivating, even impossible to put down, for many readers. Gelernter is a fine prose stylist who, at his best, evokes his hero White. While very few people will agree with everything he has to say, no one will miss the passion that Gelernter throws into his argument. From a purely intellectual standpoint, this book seems unlikely to move any mountains. As art, however, it's well worth reading.

Eli Lehrer is a journalist and editor-in-chief of Cornell University's SciTech *magazine.*

DRONE KING

By Martin Morse Wooster

The One Best Way: Frederick Winslow Taylor and the Enigma of Efficiency
By Robert Kanigel
Viking, 570 pp., $34.95

To most Americans, Frederick Winslow Taylor (1856-1915) is a half-remembered Victorian, someone whose name we memorized for history class and forgot as soon as the exam was over. But Taylor should be better known. His notion of "scientific management" not only made generations of workers miserable, but also provided inspiration for fascists and communists.

There hasn't been a proper biography of Taylor in over 70 years. Kanigel, a science writer who teaches at the University of Baltimore, has done a good job in telling Taylor's story. Kanigel is a diligent researcher who clearly spent a good deal of time studying not only Taylor's life but also the technology Taylor helped to change. In one footnote, for example, Kanigel writes that "my understanding of patternmaking, molding, and sand casting was aided by visits to Knight Foundry, Sutter Creek, California; Appomattox Iron Works, Petersburg, Virginia; General Pattern and Tooling, Baltimore; Deutsches Museum, Munich."

In many ways, Taylor's story is similar to Theodore Roosevelt's. Like Roosevelt, Taylor came from a wealthy family and rebelled against his parents by joining the working classes. For Roosevelt, the "strenuous life" was to be found among cowboys or soldiers; for Taylor, freedom was found by dropping out of Phillips Exeter and beginning work at Midvale Steel.

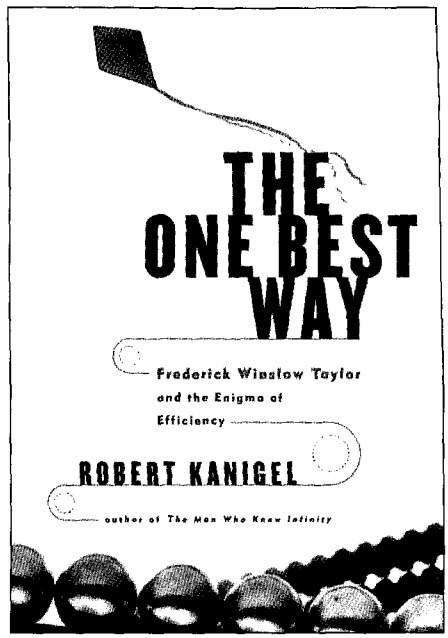
Taylor took to his new life with gusto. At one point in the early 1880s, he was simultaneously working on the Midvale Steel lathes, spending nights studying for his college courses at Stevens Institute of Technology, and preparing for the U.S. Open tennis championship (which he won in 1881).

Taylor was an excellent engineer. He perfected a new form of steel that could be cut four times as fast as previous types. In his spare time, Taylor invented tennis rackets and a two-handed golf putter. But his most important invention involved how factories were organized. When Taylor began his career at Midvale Steel, workers were paid by the piece. If a worker chose to increase his production, management responded by cutting the price it paid for each piece produced. Workers responded by slowing down until management restored the old rates. This ensured that factories never became more productive.

Taylor proposed an alternative. Suppose that management, with the aid of experts like Taylor, determined the most efficient way to work, and offered the workers more money if they would do *exactly* what the bosses told them. Then everyone would benefit. Labor would make more money, Taylor argued, and factories would produce more, ensuring higher profits.

As Kanigel notes, Taylor's philosophy of "scientific management" was severely flawed. The bargain Taylor offered was one many workers would not accept; they preferred lower wages in return for greater control over how they spent their days at the plant. Moreover, while workers under Taylor's plan abandoned their autonomy, managers had much more freedom. Taylor himself spent most of his career as an independent management consultant who was free to work for his clients as much or as little as he pleased.

But Taylor's idea proved widely popular, particularly to Progressives who thought that everything could be made "scientific." Efficiency experts swarmed across America, coming up with studies that alleged that housewives and students could be more productive by following a few simple formulas. One Taylorite, for example, claimed that students would be two



percent more efficient if their bedroom windows remained open each night.

In America, Taylor's influence ensured that factories became glutted with managers who minutely scrutinized the actions of the workers. Overseas, Mussolini eagerly studied Taylor's work and created a government agency to promote Taylorism in fascist Italy's factories. Both Lenin and Trotsky read Taylor in German, and both believed that Taylor's ideas could make antiquated Soviet heavy industry more efficient. (Stakhanov, that legendary miner from Stalin's time who shoveled twice as much coal as anyone else, is a worker Taylor would have respected.)

In the 1990s, Taylorism has been largely repudiated. Most management experts would agree that the best way to increase productivity is to give workers as much autonomy as possible. Today's management consultants see a good boss as someone who more resembles a coach or an orchestra conductor than a Tayloresque dictator.

We still need to know about Frederick Winslow Taylor's ideas, if only to repudiate them. In *The One Best Way*, Robert Kanigel does a superb job in bringing the man, his ideas, and his era to life.

Associate editor Martin Morse Wooster has been an unmanaged artisan since 1988.

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To the folks in Washington who say campaign finance reform will never happen, we have just three words.

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The plan was written by Norman J. Ornstein, The American Enterprise Institute; Thomas E. Mann, The Brookings Institution; Paul Taylor, Free TV for Straight Talk Coalition; Michael J. Malbin, State University of New York, Albany; and Anthony Corrado, Jr., Colby College.

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EDITED BY MARTIN MORSE WOOSTER

the Digest

SUMMARIES OF IMPORTANT NEW RESEARCH FROM THE NATION'S UNIVERSITIES, THINK TANKS, AND INVESTIGATIVE PUBLICATIONS

POLITICS

Is the Line-item Veto Constitutional?

Robert J. Spitzer, "The Constitutionality of the Line-item Veto," in Political Science Quarterly *(Summer 1997), Academy of Political Science, 475 Riverside Drive #1274, New York, New York 10115.*

Bill Clinton recently became the first President to use a line-item veto to revoke one portion of a bill while allowing the remainder to become law. The Supreme Court will probably decide whether this new presidential power is constitutional. When they rule, writes Spitzer of the State University of New York (Cortland), they will address a constitutional debate at least two centuries old.

Some scholars argue that the Constitution gives the President an inherent right to veto parts of bills he dislikes, but Spitzer finds little evidence for this charge. Exhaustive research by Reagan's Office of Legal Counsel failed to find any evidence of a line-item veto before 1861, when it was granted to Confederate President Jefferson Davis (who failed to exercise it). Some presidents have actually rejected the notion that they can veto portions of bills.

Until 1974, presidents had the power of "impoundment" to block spending called for in portions of bills. But impoundment, though it may resemble a line-item veto, is a different power because it does not prevent any part of a bill from becoming law. It simply means the executive branch will not spend money on programs Congress approves but the President does not like. Thus impoundment is a much weaker check on Congress than a line-item veto.

The presidential veto power is already formidable. Between 1789 and 1997, presidents have wielded over 2,500 vetoes, and 96 percent of them were upheld. In many cases, these presidential vetoes have resembled line-item vetoes because they forced Congress to remove from bills certain clauses the President found objectionable.

But does the line-item veto uphold the Founders' intentions? "If the Founders had wanted the President to exercise perfect control over the legislative process," Spitzer argues, "they would have vested lawmaking power in the executive rather than the legislative branch."

ECONOMICS

The Battle between Benefits and Costs

Robert W. Hahn and Robert E. Litan, Improving Regulatory Accountability. *Brookings/AEI Press, 1150 17th Street N.W., Washington, D.C. 20036.*

One reason the federal government seems so intrusive: it issues regulations without taking into consideration how much they will cost consumers or corporations. The Family Leave Act of 1993, for example, was promoted as a measure that would not tax business, but the General Accounting Office calculates that family leave now costs corporations and their customers $700 million annually. And economist Thomas Hopkins calculates that paying for health, safety, and environmental regulations costs businesses and their customers $200 billion annually.

It's easy for regulators to issue so many costly decrees because the federal government makes no systematic effort to calculate their benefits and costs. Recently Senator Ted Stevens (R-Alaska) introduced legislation that would require the director of the Office of Management and Budget (OMB) to estimate the annual benefits and costs of regulations issued by the federal government. Hahn of the American Enterprise Institute and Litan of the Brookings Institution support the measure, but suggest that Congress *require* all agencies to issue benefit-cost analyses with new regulations. Such a reform would help "curb regulations that impose costs with very little benefit."

"Until recently," they write, "there has been no effort to require the government to explore systematically the economic aspects of regulation," although some information is available from "regulatory impact analyses" made by executive agencies on regulations whose costs exceed $100 million. Between 1990-95, five agencies issued major regulations whose costs exceeded their benefits over 80 percent of the time.

An agency located either in OMB or the Council of Economic Advisers could collect benefit-cost analyses and publish them in an annual report. This would be a relatively efficient way to make public the true cost of regulation. For just as businesses must tell stockholders their profits and losses, the authors contend, regulators should publicize the benefits and costs of regulations "in an intelligible, systematic way."

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Craziness in D.C.

Roger Clegg, Mad About ADA: The EEOC's Mentally-Ill Guidance. *Center for Equal Opportunity, 815 Fifteenth Street N.W. #928, Washington, D.C. 20005.*

Employers once fired workers for being rude or disheveled. But in March, the Equal Employment Opportunity Commission (EEOC) issued an "enforcement guidance" under the Americans with Disabilities Act (ADA). The result, says Clegg of the Center for Equal Opportunity: employers who impose dress codes or ask workers to treat their colleagues courteously could be violating the law.

Under the ADA, employers have to differentiate among four kinds of workers: people who are not mentally ill; those who are rude and nasty but not mentally ill; bad-tempered people with legally protected disabilities; and workers who are so foul-mouthed that it would be an "undue hardship" for management. It's illegal for an employer to ask an employee if he is disabled before hiring, though medical examinations are allowed if the employer requires them for all workers prior to employment. But employers can only ask questions on these pre-employment examinations that are "job related."

Under the ADA, a mentally retarded employee is entitled to "reasonable accommodation," including time off, changes in the work schedule, changes in the workplace, and "job coaches." It is illegal for an employer to tell an employee that such "reasonable accommodation" has been provided to another worker. These draconian regulations have resulted in scores of lawsuits; discrimination due to mental illness, the *Washington Times* reports, is the second most common complaint to the EEOC, next to workers who claim discrimination because of bad backs.

But why should the government prevent bosses from disciplining uncivil workers? Congress, Clegg believes, is partly responsible because it passed "a statute with extraordinarily sweeping language." But EEOC regulators, he adds, "have done nothing...to mitigate the regulatory burdens that the Act places on the private sector."

Homogenizing Radio

Jesse Walker, With Friends like These: Why Community Radio Does Not Need the Corporation for Public Broadcasting. *Cato Institute, 1000 Massachusetts Avenue N.W., Washington, D.C. 20001.*

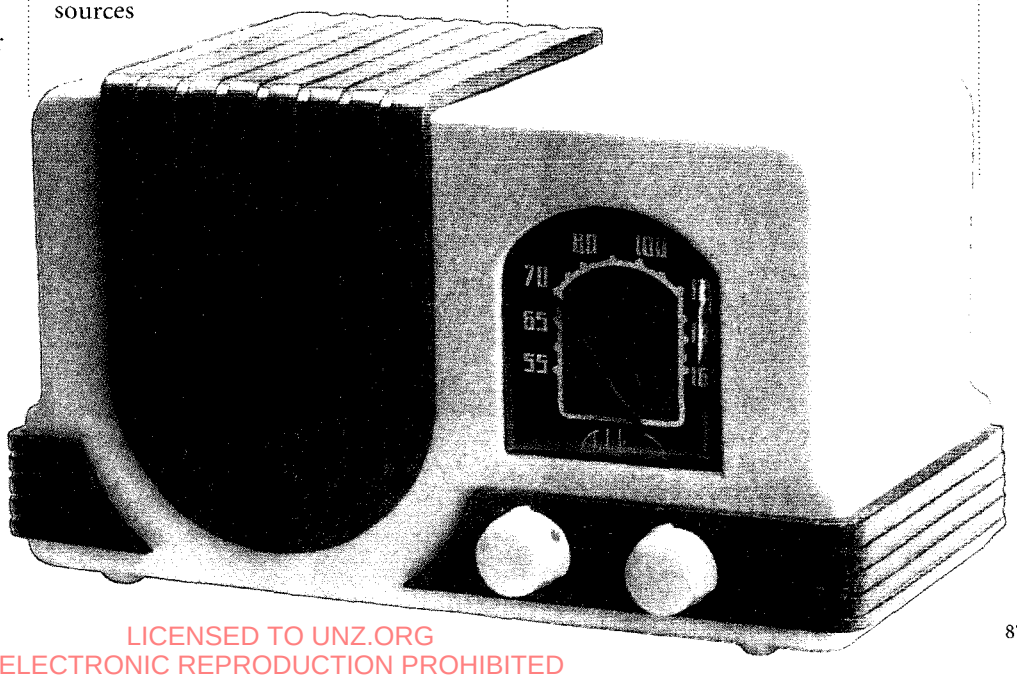
National Public Radio (NPR) has frequently been assailed for its partisan bias. But Walker, a contributor to *The American Enterprise,* argues that the problem lies not in what NPR stations say, but in the way the NPR network has substituted Washington-based conformity for local eccentricity. Public broadcasting, aided by regulators at the Federal Communications Commission (FCC), have largely replaced a "scattered array of small stations with a tighter, more centralized public radio system under government control."

The non-profit "community radio" movement began in 1949, when KPFA began broadcasting in Berkeley, California. For decades, local communities created stations that survived because listeners donated time and money. But in 1978, the FCC announced that it would no longer license stations unless their signal was at least 100 watts strong. At the same time, the Corporation for Public Broadcasting (CPB) announced that it would award grants to upgrade equipment—provided that community radio stations had a professional staff and raised at least $195,000 from private sources each year. In the late '80s, CPB awarded still more federal funds to local stations, provided they installed "predictable strip programming" that ensured that a listener in Seattle or Schenectady could hear "Morning Edition" at 8 A.M. or "All Things Considered" at 5 P.M. By 1998, these CPB funds will mostly be awarded only to stations with relatively high ratings.

These measures have helped to make public radio bland, as stations try not to broadcast anything that would bother listeners or repel large donors. Jim Foley of Tucson's KXCI-FM says the CPB subsidies are a "government bribe to reduce local community involvement in community radio."

If federal subsidies to radio stations ended, Walker predicts these stations would fire fund-raisers and managers and become more interesting. Ending subsidies would also force non-profit stations to become more entrepreneurial and innovative. East Orange, New Jersey's WFMU, for example, struggled when Upsala College, with which it was affiliated, went bankrupt. The station decided to create a catalogue offering eccentric books and recordings—and today needs no tax dollars.

Ending the prohibition on microradio stations below 100 watts would also make it easier for small stations to survive with low budgets. Italy, Japan, and Canada have partially deregulated broadcast power, ensuring the success of small local stations.



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SOCIETY

Where Punishment Is Common, Crime Is Rare

Dan M. Kahan, "Social Influence, Social Meaning, and Deterrence," in Virginia Law Review *(March 1997), University of Virginia School of Law, 580 Massie Road, Charlottesville, Virginia 22903.*

Why do people commit crimes? Many criminologists choose to analyze a criminal as if he were completely isolated from others. But Kahan from the University of Chicago Law School argues it's important to study the friends and acquaintances of criminals, because criminologists have long known that people who become bad apples often live in wormy neighborhoods.

In a classic experiment, Stanford psychologist Phillip Zimbardo once parked a car on campus. He left it in pristine condition for a week and nothing happened. Then he smashed in the windshield with a sledgehammer. This action seemingly "released passersby from inhibitions about vandalism and theft," and ensured that the car was stripped. Criminologists James Q. Wilson and George Kelling observed a similar phenomenon in which criminals infer from broken windows in buildings that a neighborhood is so slovenly it won't try to stop crime.

For similar reasons, Kahan writes, when police try to fight gangs by imposing tough sentences on a few gang leaders, the strategy achieves little. It doesn't stop the social influences that lead to crime, because it ensures that most gang members remain on the streets. The stature of the jailed gang leaders is not reduced but enhanced, and many residents of low-income neighborhoods perceive massive police raids to arrest gang leaders as racist.

Kahan believes it's wiser for the police to use a "high-certainty/low-severity" approach to crime punishment by arresting troubled urban youths frequently for loitering in packs, wearing gang colors, or breaking curfews. Numerous arrests for minor crimes demonstrate to troubled teens that the law discourages gang-creation. And low-income communities are more likely to help police to discourage teen loitering than they are to impose lengthy sentences on a few ring leaders.

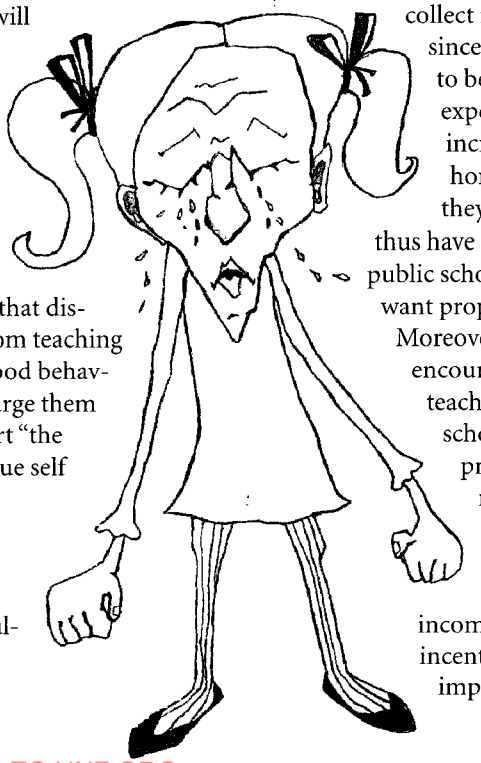
Chicago police have substantially reduced violent crime in areas where they have vigorously enforced loitering laws against packs of gang members. "A community is more likely to *be* law-abiding when its members *perceive* that it is," Kahan concludes. "Fostering this perception" should be one of the "central aims" of police.

The Politics of Temper Tantrums

Kay S. Hymowitz, "Raising Children in an Uncivil Society," in City Journal *(Summer 1997), Manhattan Institute, 52 Vanderbilt Avenue, New York, New York 10017.*

Look at a lawless teen or an isolated adult, and you'll find someone whose parents never taught him right from wrong. But today's parents, argues Hymowitz, are given very little guidance on how to wield their authority. As a result, young people are being raised as natural anarchists who become troubled teens and disturbed adults.

Many child-rearing experts assume that, left to his own devices, a child will become naturally good. But it's more likely, Hymowitz contends, that the two-year-old who is allowed to scream and shout routinely will become the seven-year old who torments his little sister and the teenager who is rude to everyone. Too many parents rely on manuals that discourage them from teaching discipline and good behavior and instead urge them to passively escort "the child's own unique self into maturity."



By contrast, Hymowitz contends, a century ago parents simultaneously taught "the habits of restraint and freedom"—instructing children to respect authority *and* become self-reliant, to curb egotism *and* work hard to improve themselves. Americans thus became entrepreneurial and creative while being "held in check by the invisible cords of cultural prohibitions."

Today, Hymowitz writes, "this delicate balance has collapsed," as children are allowed to indulge themselves without restraint. Will these egotistical youths, she asks, become virtuous adults?

A Kind Word for the Property Tax

Caroline M. Hoxby, Local Property Tax-based Funding of Public Schools. *Heartland Institute, 800 East-Northwest Highway #1080, Palatine, Illinois 60067.*

Public schools have traditionally been subsidized by local property taxes, but in recent years state governments have increasingly taken over school funding and replaced the local property tax with higher state sales or income taxes.

Some argue that subsidizing schools through state taxes is more fair than the old local property-tax arrangement, because rich and poor districts receive the same amount of tax dollars. But Harvard economist Hoxby disagrees: property taxes provide an incentive to produce "good and efficient local schools."

Districts with good schools generally collect more property taxes, since desirable schools tend to be in districts where expensive houses steadily increase in value. All homeowners, whether they have children or not, thus have an incentive to support public schools, since they don't want property values to fall. Moreover, property taxes encourage administrators and teachers to produce good schools, since increased property-tax collections mean more money for education.

Supporting public schools by sales or income taxes provides no incentive for schools to improve, since good and

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bad schools alike receive the same amount of funds. There's also some evidence that in states which mandate equal spending, parents who would have paid high property taxes now either send their children to private schools or send them to average public schools but use the money saved to buy computers or other educational equipment that kids in poorer neighborhoods lack.

Hoxby compares New Hampshire, which funds its schools through property taxes, to six other states that have dramatically reduced the share of school funding that comes from local taxes. She found that in property tax-reliant New Hampshire the percentage of children who went to private schools fell by 11 percent during the '80s. In California, where lots of state money is channeled to local schools, the percentage of children in private schools increased by 72 percent in the '80s. In Hawaii, the only state where local property taxes for schools have been abolished, the percentage of children in private schools increased by 72 percent in the '80s. States with local control of public school funding also had more children graduate from college, and high school graduates who earned more in their jobs.

SCIENCE AND ENVIRONMENT

Polluted Science

Michael Fumento, Polluted Science: The EPA's Campaign to Expand Clean Air Regulations. *AEI Press, 1150 17th Street N.W., Washington, D.C. 20036.*

In June, the Environmental Protection Agency (EPA) proposed tightening air pollution standards to further reduce emissions of ozone and particles smaller than 2.5 microns (millionths of a meter). These regulations will be costly; the President's Council of Economic Advisers calculates that the new ozone regulations will cost industry up to $60 billion while providing minimal benefits.

Fumento of the American Enterprise Institute agrees that the new air pollution regulations would fail a benefit-cost analysis. "The proposed standards," he writes, "are based more on whim than on science" and will "extend the EPA's bureaucratic tentacles into new areas that a few years ago would have been unthinkable."

EPA officials argue that the new regulations are necessary to improve the public health, but Fumento says little evidence exists on the subject. Scientists simply don't know the health effects of particles under 2.5 microns. While some evidence exists on the effects of larger pollutants (under 10 microns), scientists have been unable to duplicate the studies that suggest 10-micron particles cause death rates to rise, especially since the researchers who support the EPA position have not released much of their data to other scientists.

Other studies attempting to find a correlation between higher air pollution and higher death rates failed because they did not take additional factors into account. One study compared relatively polluted Steubenville, Ohio, to relatively clean Portage, Wisconsin, and concluded that Steubenville's death rates were 26

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percent higher than Portage's because Steubenville was more polluted. But these researchers ignored the fact that Steubenville's residents were much poorer than Portage's, and low-income people tend to die more readily than their wealthier counterparts. Nor did the researchers take smoking into account. "Among non-smokers," Fumento writes, "there was no statistically significant increase in deaths."

Environmentalists also claim that tougher air pollution regulations are necessary to prevent childhood asthma and bronchitis. The EPA claims that every case of non-fatal bronchitis prevented by regulation will enrich the economy by $587,500. But Fumento observes that childhood asthma rates are rising even as the air continues to become cleaner. Moreover, the enviros fail to note that asthma is a race-related disease—blacks are six more times likely to contract it than whites—and that cockroaches could play a substantial part in the increase in asthma suffering.

The EPA's particle and ozone regulations have a surprising number of critics inside the Clinton administration, including the White House science adviser, and Congress could block them. But if these new strictures become law they will be enforced by the states, and Fumento observes that recent efforts to reduce air pollution by states and cities have been draconian. California now restricts the use of barbecues, leaf-blowers, and paint. Denver has legislated against wood-burning fireplaces. In San Francisco, regulators have asked city residents to avoid using aerosol deodorants and alcohol-based perfumes.

Freedom + Science = Green Abundance

Dennis T. Avery, "Do We Want Food, Forests, or Wildlife? The Sydney Zoo Debate," in Outlook *(June 1997), Hudson Institute, Herman Kahn Center, 5395 Emerson Way, Indianapolis, Indiana 46226.*

Avery of the Hudson Institute argues that there are three ways for agriculture to keep up with the world's rising population. Either human numbers must be reduced, or more people must become vegetarians, or farmers must become more productive. Fertility rates are falling, but population will continue to rise for a generation, and since it's unlikely most people will give up meat and milk, agricultural production must rise.

Although Western farmers are already doing their part, much more could be done to increase agricultural efficiency in places like China, India, and Brazil. For example, replacing irrigation by flooding with irrigation by sprinklers and plastic pipes is not only much more efficient but also better for the environment. And abolishing protectionist agricultural programs would ensure that "we can use the world's best and best-suited land, wherever it is located, to produce our farm and forest products."

Taking 5 percent of the area now devoted to wild forests, Avery believes, and devoting it to "cloned, tissue-cultured, fast-growing, high-yield trees" could satisfy world lumber demand and ensure that the remaining 95 percent of forests becomes an environmental preserve. Similarly, biotechnology, improved pesticides, and better animal medicines will allow more food to be grown on less land.

We don't have to choose between food, forests, and wildlife. If farmers are allowed the freedom and technology to become more productive, then it's possible to have a world with plenty of food and a great deal of land available for conservation.

OTHER COUNTRIES

Life After Suharto

Adam Schwarz, "Indonesia After Suharto," in Foreign Affairs *(July/August 1997), Council on Foreign Relations, 58 East 68th Street, New York, New York 10021.*

Indonesia is the fourth most populous country in the world. Strong economic growth (7.8 percent last year) ensures that most Indonesians are steadily rising out of poverty. And much of the credit for this prosperity and stability is due to its long-serving president, Suharto. But Schwarz of the Nitze School for Advanced International Studies at Johns Hopkins University warns that the end of Suharto's tenure could spark a crisis that would make Indonesia one of the world's trouble spots.

Since independence in 1945, Indonesia has had only two rulers: Sukarno (1945-66) who was ousted after a bloody civil war that destroyed the Indonesian Communist Party; and since then Suharto, whose regime has avoided civil strife by abridging "civil and political liberties" and turning "democratic institutions into hollow shells."

Elections are held every five years and a rubber-stamp parliament exists. Aside from a brief period of *keterbukaan* ("openness") in the late '80s, newspapers have been rigidly censored and opposition parties ruthlessly controlled. Suharto has had no opponent in six elections, and Schwarz expects he will be unopposed in the next election, scheduled for March 1998.

Yet Suharto's attempts to suppress dissent have not ended political debate. Separatist movements thrive. Indonesia's conquests of the former Dutch colony of Western New Guinea and the former Portuguese colony of East Timor have never been completely absorbed, and active separatist movements exist in both regions. There is also a movement in Aceh, Indonesia's most Muslim province, to secede, while other Muslims hope either to make Indonesia, currently neutral in religion, an Islamic nation, or to have the government impose decrees declaring that 90 percent of the nation's jobs must go to the 90 percent of Indonesians who are Muslim.

Suharto should gracefully hand power over to a successor, argues Schwarz. "But change will necessarily be difficult" in a country where "political institutions are mere husks and normal political debate and negotiation are forgotten arts."

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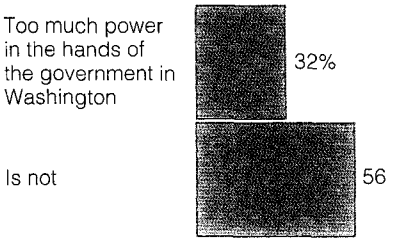
EDITED BY KARLYN BOWMAN

AT WAR WITH WASHINGTON?

Thirty-three years ago, slightly over a third of the public said the government in Washington was getting too powerful for the good of the country. Today, nearly two-thirds believe that, and a plurality say government is having a negative impact on people's lives. Most people have little confidence in the federal government's ability to solve problems. Even more devastating, over seven in ten say that the federal government actually creates more problems than it solves.

Question: **Do you think there is...?**

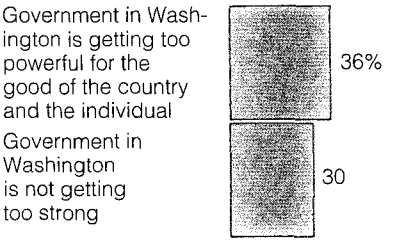
1941



Source: Survey by the Gallup Organization, 1941.

Question: **Some people are afraid the...?**

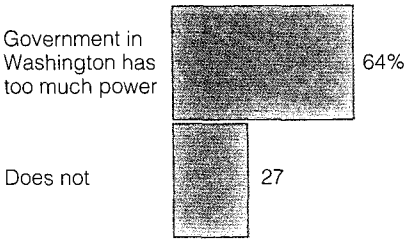
1964



Source: Survey by the University of Michigan National Election Study, 1964.

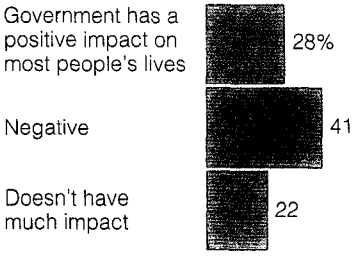
Question: **Do you think...?**

1997



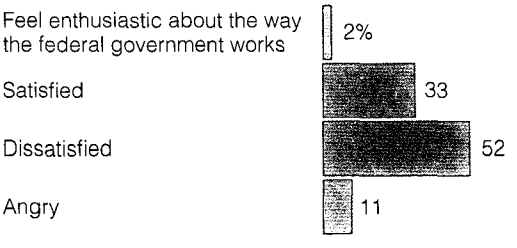
Source: Survey by Opinion Dynamics for Fox News, 1997.

Question: **These days what kind of impact do you think the government has on most people's lives...?**



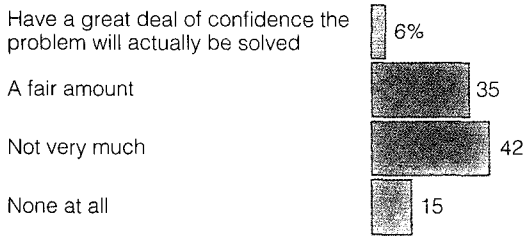
Source: Survey by CBS News, February 1997.

Question: **I am going to mention four phrases and ask which one best describes how you feel about the way the federal government works. Do you...?**



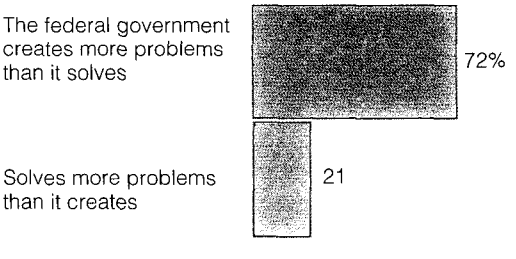
Source: Survey by ABC News/*Washington Post*, August 1997.

Question: **When the government in Washington decides to solve a problem, how much confidence do you...?**



Source: Survey by Luntz Research Companies, November 1996.

Question: **Do you think that, in general,...?**



Source: Survey by Hart/Teeter Research Companies for the Council for Excellence in Government, March 1995.

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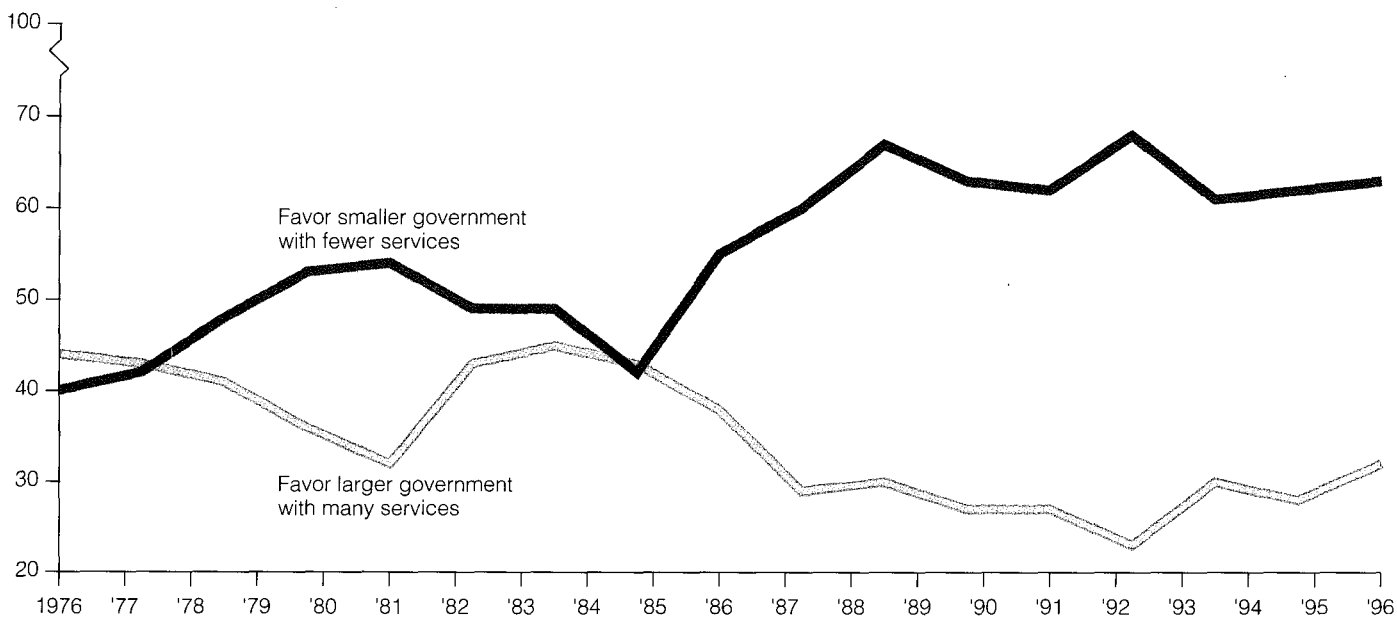
WHAT SHOULD GOVERNMENT DO?

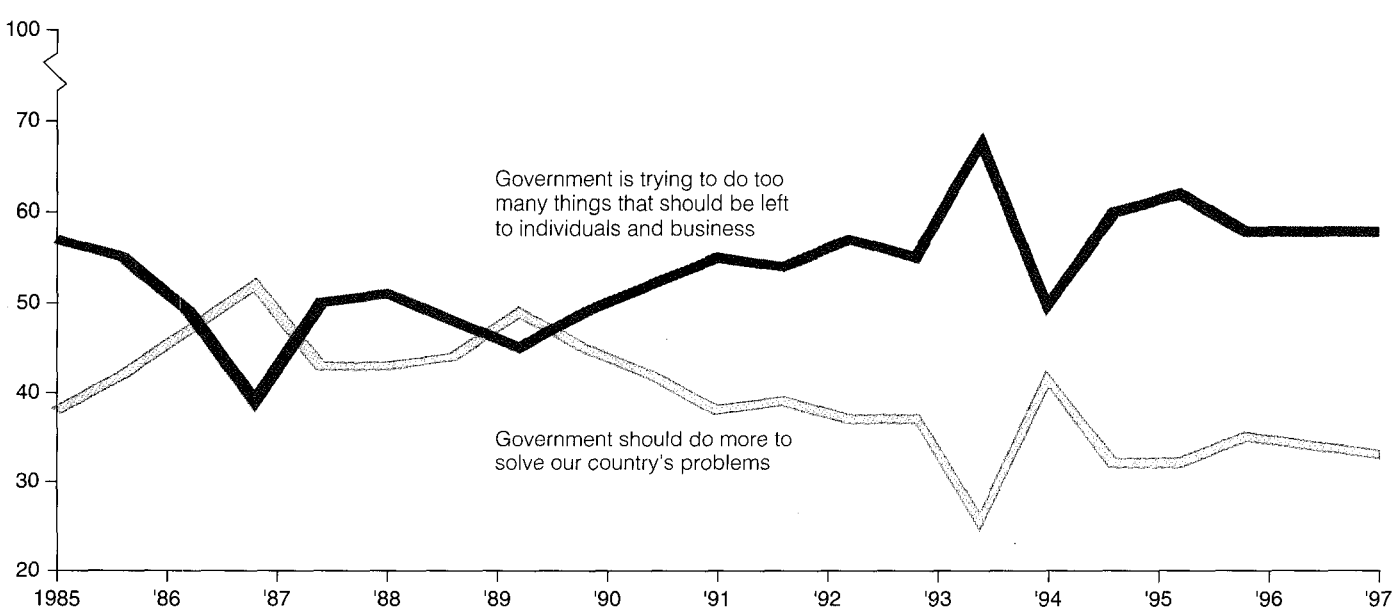
At least in the abstract, Americans say that they favor a smaller government with fewer services. About a third currently want government to do more to solve the country's problems. The belief that government is trying to do too many things that should be left to businesses and individuals is also strong.

Question: **Would you say you...?**



Source: Surveys by CBS News/*New York Times*, ABC News/*Washington Post*, and the *Los Angeles Times* latest that of August 1996.

Question: **Some people think the...?**



Source: Surveys by ABC News/*Washington Post*, the Gallup Organization, Yankelovich Partners, and NBC News/*Wall Street Journal*, latest that of February 1997.

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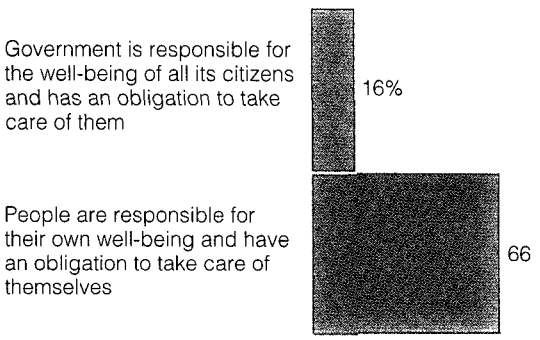
When asked about their general philosophy, Americans feel strongly that people are responsible for their own well-being and have an obligation to take care of themselves. Only 16 percent say government is basically responsible. At the same time, however, they want government to help when people's problems are not of their own making.

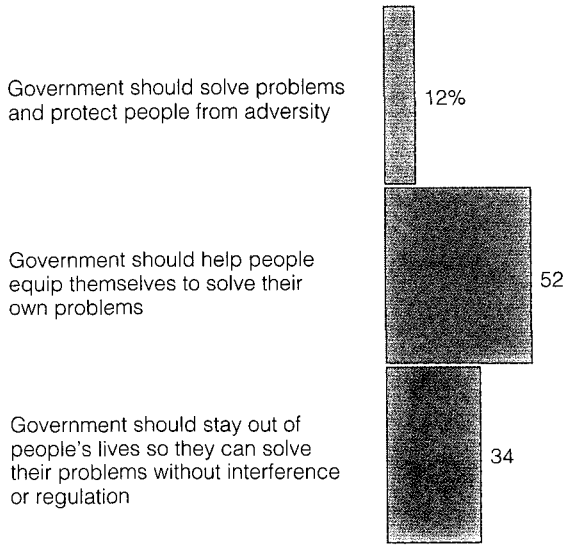
Question: **Please tell me which one of the following statements about the role of government comes closer to your own point of view...?**



A slightly different version of this question has been asked by the *Los Angeles Times* since 1983. The *Times* adds the words "when they are in trouble" to both descriptions shown above. When those words are added, the number saying that government is responsible jumps to about 45 percent; the number saying people are responsible falls to around 50 percent.

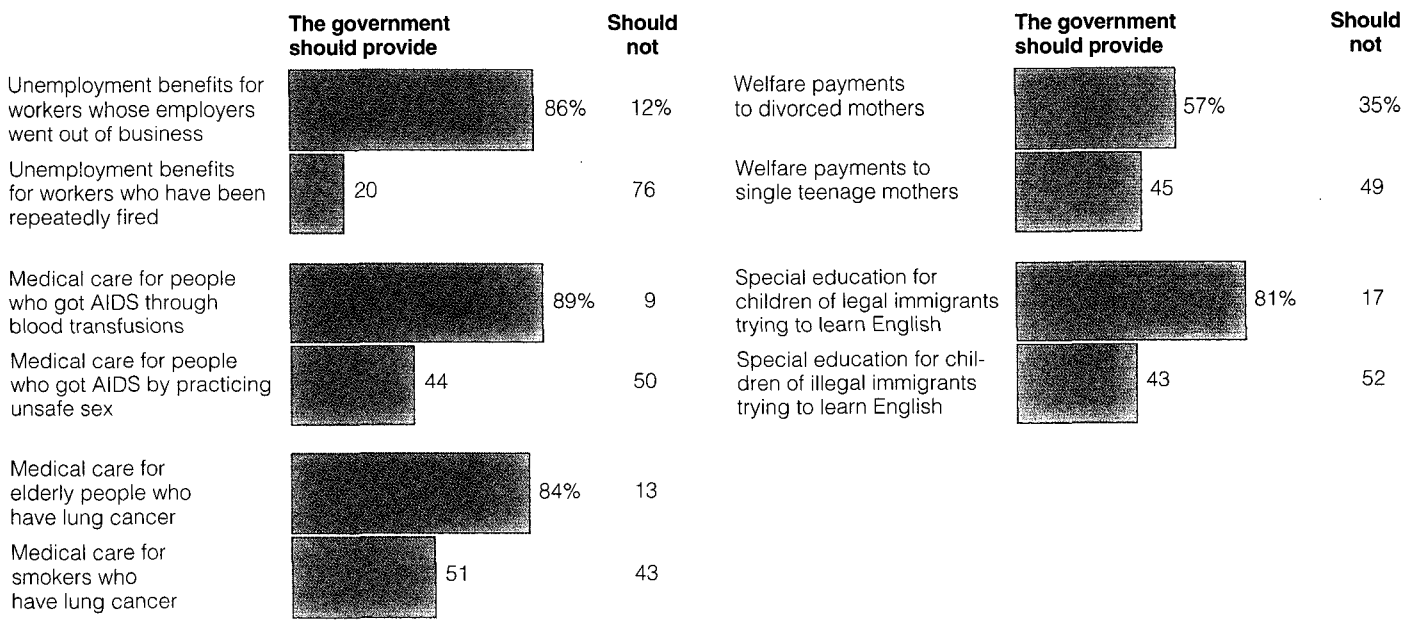
Source: Survey by Hart/Teeter Research Companies for the Council for Excellence in Government, February 1997.

Question: **Which of the following is closest to your own thinking about the proper role of the federal government...?**



Source: Survey by Penn, Schoen & Berland Associates, Inc. for the Democratic Leadership Council, July 1997.

Question: **There are many different reasons why people look to the government for help. Please tell me whether you think the government...?**



Source: Survey by Princeton Survey Research Associates for Knight Ridder, September 1996.

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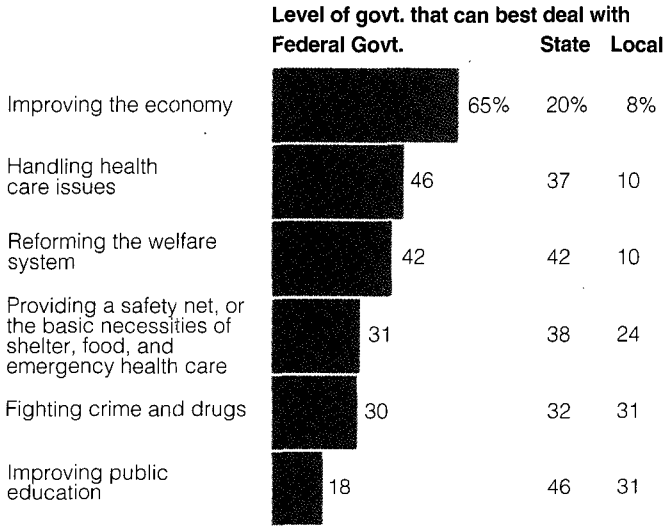
FEDERAL, STATE, LOCAL, OR PRIVATE ACTION?

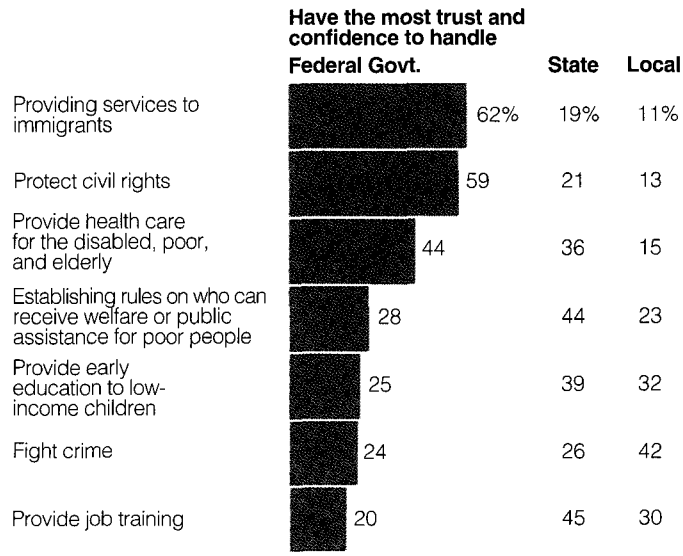
The figures below show that people still see a significant role for the federal government, especially in the realms of health, safety, and the environment. In areas such as crime, welfare, and education, people want state and local governments to play a strong role.

Question: **Now I would like to read you a list of issues facing the country. Please tell me, for each one which...?**



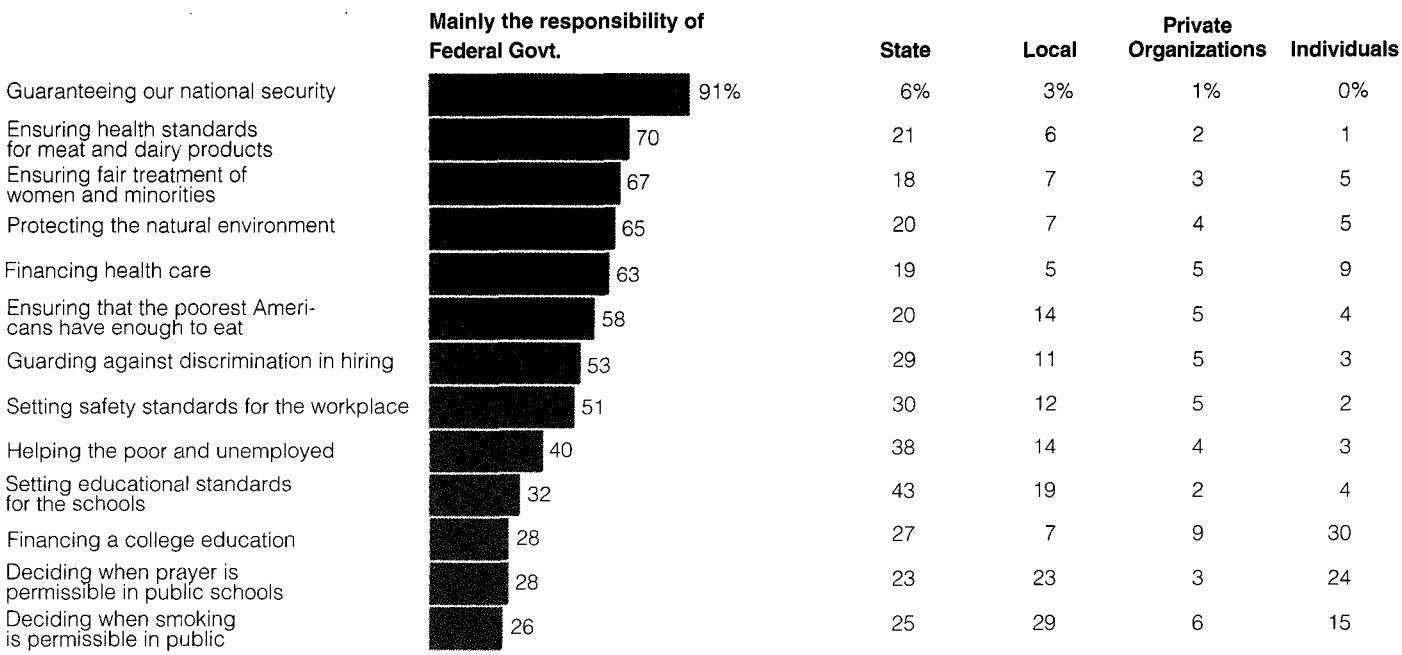
Source: Survey by *U.S. News & World Report*, November 1996.

Question: **In which level of government do you...?**



Source: Survey by The Pew Research Center, January 1997.

Question: **Since our founding, different levels of government have had different responsibilities. For each of the following, I want you to tell me whether you think it should be...?**



Source: Survey by the Gallup Organization for the University of Virginia Post Modernity Project, January–April 1996.

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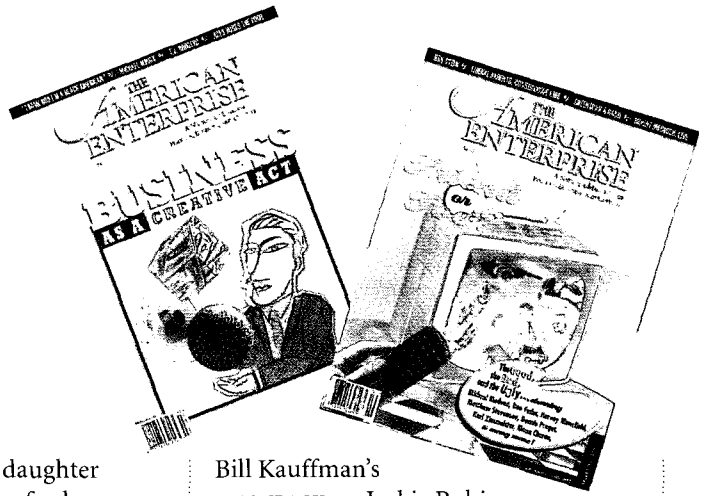
the Mail



I was pleased to read the headline praising "The Simpsons," and by no less than a Shakespeare scholar ("The Greatest TV Show Ever," Sept./Oct.). But I was disappointed by Paul Cantor's assertion that the "Itchy and Scratchy" cartoon-within-the-cartoon is the show's greatest accomplishment. How could such a bright man get it so wrong?

"Itchy and Scratchy" is the least imaginative aspect of the show, as it endlessly repeats a minor variation of the same lame joke. That Cantor wasted so much ink and time praising this throw-away segment of an otherwise brilliant show is sad.

If Cantor had only described some of the better episodes, the readers of TAE would have been introduced to the most imaginative and biting commentary on contemporary American life in any mass-market medium. Where else but in a single episode of "The Simpsons" is a viewer treated to a musical parody of *A Streetcar Named Desire* (with an original score and deliciously satirical lyrics), coupled with a separate story line that traces two-year-old Maggie's escape from the Ayn Rand Daycare Center, with a tribute to Hitchcock's *The Birds* thrown in for fun (Homer carefully backs out of a room full of pacifier-placated babies that look as ominous as any flock of seagulls)?

I'm sure many of your readers came away from Cantor's article smug in their disdain for what they perceive as hopelessly low-brow fare. And that's too bad, for it's their loss.

Bob Consigli
via CompuServe

We have come across a solution I did not see in the September/October issue on television. When our daughter received a gift of a TV/VCR for her room, I decided not to hook it up to any antenna, cable, or satellite dish. She, and now our son, can't just watch whatever is on—they must choose from (too many) videotapes in our collection. The majority of them are movies, old and new, and PBS favorites. No "garbage" will be "dumped" in their room without our knowledge.

Michael Freed
via CompuServe

Your September/October issue on television was excellent, funny, witty, and bright. But I was surprised to see no reference to "TV-free America," a Washington-based organization that puts out "Kill Your TV" bumper stickers and sponsors "TV-free Week" annually. I think they're the only full-time anti-TV organization.

You also might have referred to *The American University* by Jacques Barzun, who argues that Americans are trapped in the vice of instant gratification. Barzun's book was written in the late 1960s; imagine how TV has contributed since then to the instant-gratification mentality.

Michael H. Agranoff
Stafford Springs, Connecticut

With reference to Matthew Stevenson's "American Unplugged," I am compelled to respond in the affirmative (Sept./Oct.). The removal of the television from our house was close to the most important and beneficial decision I have ever made. It is a thief of time and a teacher of honey-glazed immoralities.

Charles R. Chesnutt
Dallas, Texas

Bill Kauffman's FLASHBACK on Jackie Robinson and the old Negro Leagues was commendable (July/August). But to include any quotations from such an obnoxious and full-blown black racist as Amiri Baraka almost completely ruined it. To use material by a black supremacist like Baraka totally contradicts the conservative ideals of TAE. If Kauffman is aware of this, or Baraka's hateful, racist beliefs, he and your magazine must realize that such opposites do not work together, either in a magazine or in real life.

David Kelly
Louisville, Kentucky

Bill Kauffman responds:
I do not share Mr. Baraka's taste for pan-African Marxism; however, he has written well about the Negro baseball leagues. In real life, sometimes we learn from those with whom we disagree.

Jonetta Rose Barras and Ted Rueter both understand the ACLU better than most law professors ("Enemy of the People," July/August). Unlike the latter, Barras and Rueter do not mistakenly equate rights with liberty. To be sure, rights are a necessary condition of liberty, but they are not sufficient. Absent a modicum of civility and community, all the state-anointed rights in the world fail to liberate.

Barras rightly details how the ACLU works against the interests of the poor. Civil libertarians will resist this judgment, but no amount of ideological posturing for the poor can ever substitute for literally improving their lot. Indeed, civil libertarians pose a serious danger: They can damage the poor with

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their "noble" deeds without even a trace of guilt.

It only goes to show that the ACLU is the godchild of a morally and intellectually bankrupt interpretation of liberty. Tragically, it also shows what happens when intellectuals accept no responsibility for the consequences of their ideas.

William A. Donohue
Catholic League for Religious and Civil Rights

Jonetta Rose Barras errs wildly in claiming that the ACLU "struggles everywhere to save mankind from religion." The ACLU is a great friend of religious liberty ("Enemy of the People," July/August). In defending the constitutional principle of separation of church and state, the ACLU is defending the proposition that religion can do its job best when government leaves it alone, that our nation's rich religious diversity demands that government be religiously neutral, that government in America has no authority to compel taxpayers to support religious institutions.

The ACLU is a democratic organization in which minorities and women are well represented. Its positions are established carefully and are grounded on constitutional values. The ACLU is not the "enemy of the people." It is a voluntary protector of the peoples' constitutional freedoms.

Edd Doerr
Americans for Religious Liberty

When he uses Shreveport as an example, Stephen Moore slightly undermines his case that cities with low percentages of foreign-born individuals are "in great despair" (SCAN, Sept./Oct.). In the past few years, unemployment here has declined significantly, although it is still above the national average. Worker shortages are very common in a few areas such as construction, while real estate values have risen rapidly and hotel and apartment occupancy rates are near capacity. True, Shreveport is by no means a developmental dream, but these and other indicators show that neither is it a basket case.

Jeffrey Sadow
Louisiana State University in Shreveport

Howard Husock's article "The Landlord as Entrepreneur" was outstanding (July/August). It vividly captures the purpose and mission of our organization, the American Association for Small Property Ownership. From our standpoint, real estate needs to be viewed first and foremost as a business. It has also been a tremendous enterprise for families, where children were involved in the business and learned responsibility at an early age. And, as the Pew research study showed, when mothers can work part time, the family is strengthened. This happened in past generations, before the advent of government intrusion into housing markets.

F. Patricia Callahan
American Assoc. for Small Property Ownership

Your May/June issue focused on the privileged backgrounds of the protesters during the 1960s, but this image of '60s radicalism is very narrow. It focuses on the late '60s, and it ignores, for example, the Black Panthers who were certainly not privileged members of elite institutions.

Further, the claim by Karl Zinsmeister in BIRD'S EYE that "in its initial, adolescent phase, the '60s ruckus often had nothing to do with politics or 'idealism,' or making a better world," and that "what we saw in action was plain old-fashioned self-indulgence," is preposterous. Perhaps we can credit the early southern civil rights movement as something apart from the hippie culture that came a decade later. But any observer must grant that the involvement of white students in the freedom rides, voter registration campaigns, and the 1963 march on Washington clearly made up the "adolescent phase" of the youth movement. This had nothing to do with "politics"? Risking one's life had nothing to do with "idealism"? The deaths of Michael Shwerner, James Chaney, and Andrew Goodman were self-indulgent?

But in spite of these insulting presumptions, there is an element of truth in your criticisms of the more privileged students who joined the movement for less idealistic reasons. True, many of the more extreme aspects of the '60s were self-indulgent, and many American youths did act like spoiled little rich kids. That's not surprising because the most spoiled radicals were children of the wealthy, the chief beneficiaries of a spoiled culture.

Glenn Loury recalls looking out at these "privileged" protesters thinking that these "students were mainly protesting just to protest" ("The Other '60s"). Indeed there may not have been much more to it than that. But that alone justifies them. They were protesting their own spoiled rottenness. If they looked ugly, it is because they were ugly Americans and knew it. America could not have faced the economic and political 'malaise' of the '70s had it not been for the hippies who reminded us that there were more important things in life than cheap bananas and gas-guzzling cars.

Paul Bjerk
Brooklyn, New York

Buried in the middle of the entertaining colloquy between P.J. O'Rourke and Robert Bork was a disturbing line from the judge: "Conservatism doesn't depend upon charismatic leaders: What we need are some mundane leaders who understand what conservatism is about" (LIVE, May/June). This typifies the current trend among some conservatives who devalue leaders and leadership. Such a posture—one is loath to accord it the dignity of a well-considered position—not only ignores history but fosters the disappointing situation in which an increasingly conservative electorate is demonstrably queasy about granting greater authority to the current crop of conservative leaders.

James M. Strock
San Francisco, California

CORRECTION: In our article about Alan Greenspan's early life and relationship with Ayn Rand (Sept./Oct. 1997), we reported that Mr. Greenspan first appeared in the *New York Times* in 1957. Actually, the Federal Reserve Chairman gently informs us, he was initially captured in the *Times'* amber in 1948, in an article about corporate profits. He was 22 years old at the time.

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